



WILCO

Welfare innovations
at the local level
in favour of cohesion

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URBAN POLICY INNOVATIONS IN LOCAL WELFARE IN ZAGREB, CROATIA

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CONTENTS

INTRODUCTION	1
2. WELFARE DISCOURSE IN POLICY AREAS	2
2.1. Labour Market Policy.....	2
2.2. Child Care Services	7
2.3. Housing: Discussion on Public Rental Housing Programme Zagreb City Assembly	10
DISCUSSION AND ANALYSIS: CHANGES AND SOCIAL INNOVATION IN THE LOCAL WELFARE REGIME.....	13
BIBLIOGRAPHY	1

INTRODUCTION

Social policy in Zagreb is often referred to as being comprehensive and generous. In this respect, Zagreb has status of a leader in Croatia. Over the last 12 years (since 2000), political orientations at the city level has been that of left-centre, with a leading role of the social democrats with a support from their coalition allies. Alongside, there is a strong political role of the Mayor, who has been leading the city since 2000 (except from 2002-2005). Most of that time he was acting within the Social Democrat Party (SDP), from which he politically originated, until the accentuation of conflicts and his stepping out of the party in 2009. This is seen as a source of today's conflictual relations between the Mayor and the SDP, holding majority in the City Assembly.

There is an absence of a dominant ideology in local policies and politics. “A *dominant ideology is populism*”, as one of the CSO representative states. A perception of nepotism and corruption is still a challenge for the local political culture. The political scene is occupied by the clash between the Mayor and the City Assembly. “The Assembly's sessions often resemble to a theatre show, where important issues are thus marginalized”.

Interestingly enough, social policy in particular can be characterized as a field of a broad consensus of all policy stakeholders, namely, ruling and oppositional political parties in the City Assembly, politicians and officials from the local government and civil society. As one interviewee states, “*social policy in Zagreb is not politically coloured*”. There is a strong orientation and dedication, and even a noticeable sense of accomplishment, to a high level of social protection of citizens and development of variety of services.

However, there is a lack of a systematic approach to social policy, noted and reported in several interviews with the professionals from the city government.

In Zagreb in general we should have a systematic policy (what do we support, with which instruments). As far as changes are concerned, task of thinking politics is to recognize the needs and act. Current changes in Zagreb are generally a mixture of various things, ad hoc decisions, few strategies that I still find deficient in Zagreb, and politics and petty politics.¹

Greater synergy is needed. There is a problem of insufficient coordination between different city departments and a lack of professional's comprehension of a wider social system. Professional competences are often boiled down to the mere technical administration of certain social measures and rights, with officials working in “silos” of their department. This is in part explained by the size of the city and the government machinery itself. Investment in training and in professional competences is not an issue. Some earlier research (Bežovan, 2010), but also findings from WILCO identify a problem of a lack of coordination and poor cooperation between different local stakeholders: local government, Centres for social care, employment services, private and public institutions and CSOs. However, as reported in the interview with one local official, over the last couple of years they have developed good cooperation with the Centre for social care, as well as with social CSOs. The quality of cooperation largely depends on the sensitivity of particular person holding position.

Up until 2004, social policy of the City of Zagreb consisted of single measures, which had developed over time or of measures which were decentralized from the national level. In 2004 the first document framing the City's social policy was created, by the local officials,

¹ Senior adviser in the City of Zagreb

in seek for a new vision and new measures of social policy. It was followed by the latest “Programme of Social Policy of the City of Zagreb 2009-2012”, deliberated through a consulting process with relevant stakeholders. With the introduction of those documents, the City defined the policy by high levels of social standards.

The “Programme of Social Policy of the City of Zagreb 2009-2012” comprises of different aspects and fields of social policy; therefore, it is rather comprehensive. However, those fields do not seem to build up a coherent system and strategic policy orientation.

The core of social policy of the City of Zagreb is a set of diverse social assistance measures (benefits), covering a wide range of groups of beneficiaries, whereas social services can be regarded as being of secondary importance. Notwithstanding, over the last decade there has been a noticeable development of local (public) services and recognition of new groups of users. Examples are services for the homeless, public kitchens, shelters for victims of domestic violence, etc. Having in mind population coverage and the levels of social rights, it can be said that Zagreb serves as a “local welfare state”.

Values are not recognized as a rationale behind the City’s social policy, but pragmatism and even clientelism. Besides the lack of the value-base, social policy also lacks analytical grounding² and evaluation of its measures. Measures, especially those concerning benefits, are dominantly the result of political decisions, often made as a part of political campaign before elections. Early research of Bežovan and Zrinščak (2001) indicated that social programmes of cities in Croatia are often created ad hoc, in the course of local elections, with a function of buying the votes. Social policy is closely intertwined with politics; benefits are introduced by political will, and not as a result of analysis. Benefits, once they are guaranteed, are almost impossible to abolish.

On the other hand, such comprehensive policy is also criticized as being irrational. As some interviewees state, it created “social cases” and is keeping users in that status. Such policy of generosity reached the edge, caused by significant indebtedness of the City and has recently been seriously challenged.

2. WELFARE DISCOURSE IN POLICY AREAS

2.1. Labour Market Policy

The City of Zagreb is the capital, economic, administrative and cultural centre of Croatia. Zagreb accounts for almost one third of the GDP in Croatia. According to FINA³ average yearly net salaries in the last couple of years in Zagreb are significantly higher than the Croatian average. Also people in Zagreb are above average educated. Zagreb has a lower unemployment rate than the Croatian average; however, this rate started to increase due to the economic crisis. Zagreb, as the capital and biggest town in Croatia, attracts young well educated people and get them to stay in the city after they finish their studies. Also Zagreb attracts main branches of most of companies that are conducting business in Croatia. That is strongly influencing labour market policy because Zagreb has very potent human capital. Advantages of that were clearly stated in interviews: „Zagreb has a high income and it became the engine of development. That should be thanked to the position of city as administrative centre“...“ The Golden Age of Zagreb, fiscally, was years 2000 to

² This element has been improved since the Social assembly of the City of Zagreb launched annual analysis of socio-demographic indicators in Zagreb.

³ Croatian Financial Agency

2008 when the budget has almost doubled, and consequently there were a lot of users and programs. Some new areas were opened ...”⁴

Regarding employment programs interweaving of local and national levels can be seen. With this it is important to note that most of the programs concerning employment are still made and implemented the national level. Zagreb uses its central location to have better than the average economic situation, and still relies on a national level without developing much distinctive programs in the employment area. “Regarding employment policies it is difficult to distinguish the effect of the local and national level. Zagreb has the advantage of a central location because most of the company’s headquarters are located in the city. It is difficult to see are development effect of centralization. I think Zagreb owes a lot on this issue to coincidence and lucky stars”⁵. In Zagreb, there are a limited number of programmes that promote employment, especially for target groups: the majority of programmes remains centralized. That is maybe most significant feature that characterizes labour market policy in Zagreb. There is several lacks of local programs in the field of employment. As stated:

The issues of employment and unemployment have been neglected for long, it’s somewhat like a bottomless pit, which is always patched with temporary solutions Problems in the labor market are not systematically addressed ... Field of employment at local level mainly focuses on encouraging entrepreneurship, innovation incubators and similar initiatives that they think will have an impact on the development and the general reduction of unemployment... The problem in local surrounding is that prospects of development are not well though...⁶.

There is a great impact of the national level, and the local problems are not systematically thought by the actors in the field of labour market. There is a clear need for decentralization, which would bring increased opportunities for action at the local level. Public administration made some improvements in the adoption of specific programs, but they often remain at the normative level without a concrete impact on the actual circumstances. Civil society also has little contribution in this field. The problem of unemployment and employment is not yet constructed within civil society as a problem area and it is not receiving attention, therefore there is an evident lack of activities and programs that they develop. It is shown that the European Union is, with its programs and funds, an important component in the development of projects and programs in the field of employment. On the one hand that shows that Croatia is ready to use EU funds to develop quality projects and to foster further development in this area. However a lack of other programs in this field indicates the lack of clear direction for strategic action. This raises the question of whether the projects were only echoes of possibilities in withdrawing money for EU funds or are part of a wider strategy in this area. For now it seems that it is often the case that in lacking of strategic orientation, EU programs with their priorities often determine areas of action within the sphere of employment. So often we see developed programs for special groups, such as e.g. long-term unemployed, because they are current strategic priorities funded by the European Union, and not because they are part of a clearly defined policies in this area.

⁴ Representative from Local partnership for employment and senior adviser in city administration

⁵ Expert and activist in field of employment

⁶ Expert and activist in field of employment

The most significant element that is influencing labor market policy orientation at local level in recent years was decision about starting Local partnership for employment, a broad coalition of stakeholders in the field of employment. Main document that transfers policy orientation in operative plan is Strategy of development of human resources. Through the prism of this decision, work of the partnership and strategy⁷, we will reflect on the policy orientations. Project Local partnership for employment was developed as part of the activities and measures of operational program of human resources development adopted at the national level. Through that program assistance in IPA IV. component, Human Resources Development framework is implemented. City of Zagreb used the framework of the Local Partnerships for Employment - Phase 3 as technical assistance to the Croatian Employment Service in the development of local partnerships for employment.

Also Strategy of development of human resources of the City of Zagreb between the years 2011th to 2013th that was proposed in city assembly is very a important document. It's a comprehensive system of measures and activities to increase the capacity of knowledge, abilities, skills, businesses and institutions in order to foster economic growth and development. It is supposed to actively foster the retention of existing employment and new employment thus ensuring the stability of the city budget and providing the funding for further development in the promotion of new jobs, reduction of the number of beneficiaries of social assistance from the state budget and introduction of active social policies which all together will raise the overall quality of life for all citizens. The strategy is quite normatively directed and the question is how much it would be realistic in its implementation and effects. Seventeen measures and hundred activities are proposed, as well as the certain project ideas for applying to European Union funds. Certainly it should be noted that this may be due to insufficient EU funds withdrawal of the city of Zagreb, which resulted in the general pressure on all stakeholders to be more active in this area. Past experience suggests that cities, including Zagreb, but also for the national level, lack the capacity to withdraw money from the EU funds.⁸

This strategic document shows that the policy orientation in the employment area is largely influenced by national and EU level. National level often defines the general policy that is transferred to the local level. For example in Strategy of development of human resources the Employment Service- Regional Office of the City of Zagreb, centre for social care and educational institutions are holders of certain measures and activities and will carry them out within their own capacities and capabilities, using mostly their own resources. That active role of the state level in the area of employment not only suggests that they are partners but highlights that the state still remains a key element in the fields of employment and combating unemployment.

Croatian Employment Service is particularly very important element in this project. Croatian Employment Service is a leading social organization in the employment area in terms of Europeanization. Technical and financial support from various EU programs is increasing the capacity to design and implement innovative employment program in collaboration with the relevant stakeholders. Recent empirical studies on the development

⁷ Analysis among others relies on phonogram of debate in city assembly

⁸ This is supported by the recent announcement of a large volume of new jobs that will be opened in the Ministry of Regional Development European Union Funds. This is newly established Ministry. Component of EU funds were added to after a change of government in late 2011. The name itself gives guidance to understanding of the importance and potential of EU funds, an area which has so far been only nominally emphasized without appropriate supportive actions.

of welfare mix (Bežovan, 2010)⁹ recognize their leadership and innovative capacities as the agent in the welfare mix development. Capacity of CES was also confirmed in an interview conducted with a city of Zagreb representative in Local Partnerships for Employment who stressed their continuing capacity and their ability to act not only in this project but also in broader field of employment. EU level, on the other hand, with its funding often directs policy towards certain strategically priorities.

Role of cities in the shaping labour market policy is somewhat secondary. They develop local programs and strategies that heavily rely on national strategies. However, especially in major cities such as Zagreb who has a bigger financial fund, remains a possibility to develop distinct employment policies. As stated in one of the interviews: "Zagreb can develop distinctive policies in area of employment: first of all there is a city office for Economy, Labor and Entrepreneurship, you can notice that it is named after the name of the former ministry. Within that office there must be more strategic thinking and design of new entrepreneurial oriented policy."¹⁰ There is a lack of local initiatives that went beyond the state program and influence. But in the Strategy for Human Resource Development in Zagreb we have some indication of actions that are specific locally embedded. Private initiatives are still missing, and especially those of civil society organizations.

Although poverty and unemployment are identified as major problems not only in Zagreb but also at the national level, civil society organizations are not very active in this area. That is somewhat paradoxical. In the bigger cities there is the largest concentration of action and the civil sector is more developed. Yet there is no perception of options for action in the area of unemployment and employment. Social entrepreneurship, as a new form of activity and employment, is also not developed. This is perhaps related to the lack of a legal framework, problems of sector visibility and recognition, lack of supports for its actions and common disinterest of city actors. To conclude policy orientation in labour market area in Zagreb still heavily relies on a national level. Local level is slowly advancing in making they own distinctive strategies that would fit local context. EU level has also strongly influenced policy orientation, primarily by funding certain priority issues, that later become part of policy orientation in the city.

When we talk about values in local welfare system it is important to note that the proposal for Strategy for human resources development was simply accepted by the city assembly without any discussion on June 2011. That can have a double meaning. First of all, it can be noted that there is a consensus of values in the city assembly to take action in the area of employment. In doing so, we can say that the cognitive dimension of how people interpret problems and normative dimension of what values are taken in defining the problem are in consensus. But that is not followed by relevant actions. In terms of values all stakeholders agree that the values proclaimed through local partnerships for employment, such as openness and cooperation in the area of employment are integral. Also notable value that all share is Europeanization, which is represented here through the use of EU funds, not only for funding but somewhat to direct actions in the area.

Also, as far as the values orientation in the field of employment, through the analysis of documents we can notice the predominantly liberal orientation. The programs emphasize opening opportunities and facilitating the investment that should encourage employment and further economic development. Zagreb adopted a Strategy of human resources development as strategic document, which is mainly focused on the areas of employment,

⁹ Bežovan, G. (2010) *Postignuća i izazovi kombinirane socijalne politike u Hrvatskoj*, Zagreb: CERANEO.

¹⁰ Representative from Local partnership for employment and senior adviser in city administration

but in the broader scope have an emphasis on economic competitiveness and employment. But also we can see solidarity as value. Strategy is concentrated on the development of a balanced labor market and development and establishment of the active social politics in the City of Zagreb. Social politics are somewhat comprehensive and solidarity is also highlighted by the stakeholders as important principle that directs their actions. It is interesting that we could not find active debates about values in labour market policies between political opponents in city council. And even if they debated about problems in this area they were not talking about relevant issues but attacking each other on a political or personal level.

Regarding the coalition's city of Zagreb shows openness and seems to foster principle of participation and inclusion. This is clearly stated on normative level of documents but reality is somewhat different. The overall objective of the Local partnership for Employment is better implementation of the priorities of the operational program for human resources development especially those that are aimed at reducing unemployment and that threat new unemployment. It is tended to develop an institutional framework based on partnership at the county level or in the case of the city of Zagreb on the city level and strengthen the capacity of local stakeholders for the implementation of active labor market policy. The current mission of local partnership for employment, as member of partnership stated, is: "The idea is to network the different stakeholders to come together and begin to communicate in one immediate and informal way. I think that before they were quite isolated. The results in terms of specifically created jobs are still not visible, however we are aware that it is not a quick process that will immediately bring such tangible results".

That created network should be sort of broad coalition to which all stakeholders' pledge. However lack of discussion in accepting Strategy for human resources development may indicate the lack of capacity or even disinterest in the area of employment and employment by the city assembly. Public administration develops strategies and acts on specific projects. Lack of debate in the city assembly can be an indicator of delegating decisions to the national level and city administration as representatives do not consider that this is an area where they can do too much, are not capable of, or that is not their but the state responsibility. In support of this may be the fact that very few articles in the papers were found on the subject. Also regarding Local Partnership for Employment newspapers very briefly inform about the signing of the agreement. Other articles usually tracked down and reported on individual project activities, such as organized round table, without concrete analysis of partnerships actions or what they could, good or bad, bring the city. So we can conclude that it seems that there is a coalition of actors in a field of employment that can be seen in establishing Local Partnership for Employment but their influence is questionable. Coalition of actors is still fragmented and without effective communication that would serve the benefit of creating new jobs and city politicians are not particularly interested in this area.

At the end we can say that in Zagreb there are a limited number of programmes that promote employment, especially for target groups: the majority of programs remain centralized. Important programs and innovations in the field of employment tend to take a top down approach. That puts the question of the structure of relations between the state and local levels on the agenda. There is a lack of local initiatives. Local Initiatives come mostly from the city administration. Other stakeholders in area of employment are not very active, especially city politics. Regarding their political programs in this area "it is difficult to determine the difference between them"¹¹. We can conclude that in normative level there is a value consensus in this area oriented towards abstract concepts like

¹¹ Expert and activist in field of employment

development and progress. In programs and strategies we see liberal orientation but solidarity is also emphasized. Europeanization is distinctive value in this sector that also all actors agree on. It's mediated through the process of becoming of EU member and programmes developed from EU funds. Value consensus in Zagreb labour market policy reflects limited possibilities of acting in this area on a local level, lack of interest, serious discussions and developmental strategic planning that somewhat gives illusion of broad coalition of stakeholders in this area.

2.2. Child Care Services

Programmes of preschool education

Preschool education and care was an aspect of family policy which was decentralized early after the socio-political transformation of the country. Services for families with preschool children are organized at the local level. As stipulated in the Preschool Education Act and its amendments (Official Gazette 10/1997, 107/2007) local government has right and responsibility to decide on the needs and interests of citizens living on their territory for organizing the programmes of preschool care and for that purposes, to found kindergartens (more in: Bežovan, Matančević, Baturina, 2011.)

The aspect of financing the preschool services has been the most accentuated policy issue regarding preschool services in Zagreb over the last couple of years. Proposals and decisions on subsidies and the system of participation of parents' in the economic price of services have been frequently on agenda.

Lack of placement in services (kindergartens and nurseries) is one of the most accentuated problems for the local family policy. The local policy is not sensible to the differences between and the needs within particular city districts, some of which have population greater than some of the big cities in Croatia. There is no correspondence between the planning at the City level and the expected needs assessment and socio-demographic indicators at the district level. Population structure has changed over time, but this is not reflected in planning of the kindergartens. This leads to a situation in which there are kindergartens in the city centre which are half empty, whereas in some growing city districts there is a shortage of placement and a waiting list for enrolment. This is not seen as a problem of financing of building the kindergartens: new solution require greater decentralization of the city government, greater role and power of the district councils, new policy towards the city's premises and land, among other proposals. Moreover, new kindergartens are often built as impressive architectonic products, and not as typical, low-cost and functional objects.

Major policy changes in family policy in Zagreb include the extension of working hours of kindergartens and opening hours on weekends, growth in the number of schools organizing the afternoon programme, rise in the City's family benefits¹².

Zagreb reflects the principle of pluralism and welfare mix with regards to provision of services for children. The City subsidies prices in private and kindergartens founded by religious organizations. However, their quality of services is often questioned and there is a problem of supervision of their work. Private providers often serve as supplementary to the public kindergartens, and not as a response to a need for higher quality of service, or as one interviewee¹³ state, a sign of "elitism" of those parents. Middle class families are often left without choice and enrol their children in private kindergartens when they do

¹² Interview with a CSO representative

¹³ Representative of the groups of users

not get a placement in the public, which is still cheaper and more desirable. Parents' fees for placement in private kindergartens can amount more than the triple fee for public kindergartens.

Main debates and coalitions

Child care policies in Zagreb have been a field of high political tension, especially since 2010, when the Mayor proposed new criteria and benchmark for participation of parents in fees for child services, introducing a means-tested scale. This novelty links to the general economic downturn of the country, where Zagreb was no exception. This was an introduction of a new principle and value orientation, under the headline of "social justice", meaning a disruption of a petrified system of financing the services which has not changed for almost 20 years. This system was based on a principle of egalitarianism and on substantial subsidies of fees (cca. 80 percent for kindergartens), and only certain vulnerable groups of users had a right to a reduced fee¹⁴. Nationally, in a broader public, citizens in Zagreb are perceived as privileged, due to the low fees of services for children, better quality of services and more generous social benefits. Such system has become a burden for the City's budget. A counterargument often stressed is the fact that Zagreb has the highest local income tax and rise in fees is considered double taxing.

Technically, the Mayor's proposal was first accepted by the Assembly, as a decision accompanying the budget adoption, in order to prevent the crisis of local government. As one representative of SDP (Social Democratic Party) in the Assembly explains, this was a pragmatic decision, where they could not insist on their arguments because "*they were forced to adopt the budget*"¹⁵. This led to a period of uncertainty and ambiguity, and created a mess in the system, where some parents were paying according to the new decision, where the other refused it and continued to pay the "old" fees.

Policy coalitions

Considering the dominant political actors, one side occupies the Mayor, bearing in mind his legislative power, and on the other a force of opponents - parties in the City Assembly united against the proposal, and parents, largely represented by CSOs. "*This case and its development is an example of exercising political power, there is no strong ideal or value base*". Dominantly, this was a clash between the Assembly and the Mayor. However, quoting the Mayor, "*this is not a conflict between the Mayor and SDP, this is a clash of conceptions*"¹⁶. It is important to note that the professional community was not adequately present in this debate and did not take a part in policy making.

Participation of civil society organizations in the creation of the criteria for parents' participations in service fees is declared in official documents, but is also visible to a significant extent in practice. As regards the child care and decisions regarding the prices of services, two CSOs can be identified as relevant policy actors: "RODA" and "Kindergarten for all". The latter emerged in 2010 directly as a reaction of concerned parents to the Mayor's proposal for the principle of income-test. Their representatives were present at the here analysed City Assembly's sessions. They have received significant attention of the media, and have publicly advocated against the proposed model, seeing it as unsustainable. This campaign is perceived by CSOs themselves as influential and decisive for abolishing the proposal for income test. In their advocacy against new proposal, those CSOs built their position as a legitimate representative of families with young children from Zagreb. Parents gathered and strengthened by organizing themselves

¹⁴ More in: Bežovan, Matančević, Baturina, 2011.)

¹⁵ Council minutes from the 24th session of the Zagreb City Assembly, 20 April 2011

¹⁶ Session of the City Assembly, May 4th, 2011

advocate for the principles of affordability and accessibility of services. They largely contributed to the promotion of a paradigm of reconciliation of work and family life in the public discourse, and of the policy which would correspond to the needs of urban, small, nuclear families with no support from primary networks. In this particular case, they defended the middle class families, seen as particularly jeopardized by the proposed model of income test due to their higher income, but also high indebtedness and being at the risk of unemployment.

Dominant values: Social justice vs. Quality of services

As regards the values behind social policy, from our analysis emerges the dominant value of social justice; proposals and decisions are presented as being “social just”. This model of social justice was defended in the Assembly by the Mayor and local officials. On the other hand, the SDP members of the Assembly saw it as discontinuity of the City’s social policy and its principles. The Mayor’s call for social justice is often interpreted by other stakeholders as a mere demagogy. “The Mayor speaks about social justice, but introduction of income test principle is all but just”, states a representative of the Council and continues “a new model needs to be based on analysis, those who have more should pay more, but it is a question how to define what is - more”.

Value of social justice is occasionally challenged by the call for quality of services and professional values; however, this seems to occupy a significantly smaller space in the Assembly discussions. Problem of the quality of services includes irregular investment in premises, quality of meals, norms and professional standards.

Debate on the goals of the proposal: saving the budget or a welfare measure?

A proposal for introduction of income tested scale when defining the prices of services for children is also controversial with regards to its goal. Whereas the Mayor, as initiator of the proposal, present this new model as being more just and sustainable, and as a welfare measure towards the low income families, which would benefit from a new model, his opponents¹⁷ interpret it as a palliative measure for the City’s budget, as the effects of the economic crisis became more severe. However, regardless the intention of the proposer, this argument failed after it was shown that the new model resulted in having 60 percent of parents in the category of those with the lowest income and thus entitled to the placement free of charge. This clearly shows deficiencies and ill-logics of the model. Strong normative reactions to the proposal can be found among the interested public and political opposition: “We should not save the budget on our children”; “Our children are our greatest value”¹⁸.

Child care policies are also criticized as lacking a vision about its education function.

*The main problem of this proposal is that is not in function of education, but it was initially proposed as a measure for budget saving, and later presented as a just redistribution of the burden of the crisis. There was no single word that this measure should be in function of creating the possibilities that every child in the city has a right to kindergarten, by assuring enough placements in them*¹⁹.

¹⁷ The ruling coalition as well as the opposition in the City Assembly, CSOs representing parents

¹⁸ Council minutes from the 24th session of the Zagreb City Assembly, 20 April 2011

¹⁹ Member of the City Assembly from Croatian Democratic Union, Council minutes from the 24th session of the Zagreb City Assembly, 20 April 2011

Sustainability of the system of child services has been put into question, and it can be said there is a shared awareness of this problem. However, proposed solutions differ between the mayor and the other stakeholders (members of the City Assembly, CSOs, parents). Generally, most of the stakeholders do not seem to have a sound and feasible proposal of a system of participating in service fees, which would be socially just and fair. Reaching a solution which would be sustainable is hindered by “populism” of the mayor and “politicising” and “conflict” between the Mayor and the City Assembly as a mode of cooperation, as stated in several interviews.

Introduction of income or means-test as such is not generally rejected even by some of the interviewed City Assembly and civil society representatives, but they stress the problem of its implementation and effects on certain types of families, namely middle class families with one or two children, who are often deeply indebted due to housing loans. Appreciation of the CHF resulted in a great rise in their monthly instalments and thus in their purchasing power. Introduction of the income-test and of a fee scale open a space for misuse of the right to the placement, hinder accessibility of the service and cause problems for administration. Therefore, the introduction of means-test, instead of income test, was proposed by the Assembly (dominantly by SDP, having majority). Some interprets this proposal as infeasible, therefore aiming at preserving the old model.

In sum, as noted earlier in the text, the field of child care policy in Zagreb in recent years has been a field of high political interest, frequent changes regarding financial aspects and a field of value-loaded discussions. It is also a policy field which has mobilized different stakeholders, and is one of rather exceptional examples of mobilization of service users (parents) in advocacy regarding local welfare policies. Analysed recent changes have challenged a previous financially generous system of public preschool services and have called for more value-oriented policy making, by introducing new value orientations (such as that of social justice) and by creating a platform for mobilizing different policy stakeholders around them.

2.3. Housing: Discussion on Public Rental Housing Programme Zagreb City Assembly²⁰

At the 45th City Assembly meeting held on February, 26, 2009 public rental housing programme was discussed. The process of decision-making in the city assembly followed a lively debate. At the end of the debate a proposal was accepted by a majority of votes. The city's 25 members voted in favour, 7 against and 1 refrain from voting.

We notice two coalitions of thoughts in the debate. One is the position of project implementers from the city of Zagreb and the Social Democratic party representatives. They presented the programme and gave argument of its quality, strategic orientation and innovativeness. The second position is of parties in opposition in who opposed programme with number of different aspects. Some of objections were legal and procedural remarks, and some of them concentrated on the quality and the need for this kind of project. It is important to emphasize that opposition parties were not so constructive in debate, they were not addressing housing issues and the problem of housing affordability in Zagreb. Their objectives were seen more as a style of a habitual political competition and less like a contribution to make better solution for such important project. Despite the objections, the programme passed with majority of votes.

One of the main arguments in favour of the programme was expert foundation of the project came as result of action oriented research on housing in City of Zagreb and has

²⁰ We have obtained phonograms of all important debate in City Assembly; as well as this about public rental housing programme

been explained in “Strategy of Housing Policy in City of Zagreb.” Aims and priorities of this strategic paper were presented and elaborated and on that basis by Head of the city office of property and legal affairs who started “Demand for housing is exceeding the available needs, which is particularly felt in the larger cities and especially in Zagreb. Due to the absence of non-profit housing rental programs individual building is very large and the system of housing savings and loans are just in establishment.”

“This project in public rental housing is not developed because flats Sopotnica-Jelkovec flats are not sold but is developed because the strategy which was developed for the City by most eminent experts” (Representative of SDP).²¹ “The City of Zagreb started very pertinent with this policy. There is no better housing model in Croatia. I mean, this is the first housing model for young families”. (Representative of SDP) Also, in the debate by representative SDP it has been pointed out that project was preceded by a study backed by the most eminent experts.

Several representatives of the main party made real contribution to the well foundation of the programme following the level of needed expertise. City officials²² in the interview were very clear and convincing about level of expertise used for this programme.

Strategic orientation and the need for the programme were explained using experiences from developed countries where public rent sector has a long tradition and play important role in housing policy and mobility of labour force. Also, experience in the newly EU members especially transition countries has been used as justification of the project. Strategic issue has been mentioned in debate how Croatia has no housing policy framework within which the local government could then develop their own programs. This was mentioned interviews with representative of different stakeholders.

Strategic orientation of the project was mentioned in debate of SDP representative “For young people in Zagreb, we want to enable the first step to housing and how they will progress through life, to go to higher paying jobs they will go out of those flats and solve their housing and other young people will have the opportunity to solve first step of their housing in those flats. To me it is the best project housing project that currently exists in the Croatia. ”

Strategic orientation and need for this programme, for city officials, are well documented in the strategic paper on city housing policy, while the need for such programme, having in mind data on housing distress of young people, is not questionable at all. Newspapers from that time were covering the story on public rental housing and housing needs in city of Zagreb. For that time it was topic of contribution of this programme in housing prices reduction. In that housing project there were social rental housing, public rental housing and controlled market.²³

Innovativeness of the programme as such explicitly hasn’t been mention in debates and, more or less, such qualification of the programme to be innovative, as a policy orientation, in general, isn’t yet part of political debates. Party representative was less convincing related to the programme innovativeness, while city officials have more arguments on sustainability and cost effectiveness of the programme, what is not often case in social policy as such. Media follow more issue of housing affordability.²⁴ City officials with

²¹ SDP - Social democratic party

²² We did interviews with two city official addressing the issue of public rental housing programme and the role of city in housing with insight in housing situation in the city.

²³ <http://www.jutarnji.hr/template/article/article-print.jsp?id=23757>

²⁴ <http://www.jutarnji.hr/template/article/article-print.jsp?id=23757>

experience of communication with these who are tenants in public rental programme in fact learned what does it mean innovativeness of this programme on the housing market and how housing can be seen as critical programme for social integration of people from young generation.

Experiences of western countries in this field in public debates are very often used as a kind of argument for development of such programme and concept of good practice emerging as a policy solution. In this context strong argument for the programme came from representative of SDP "This model, of renting flats, was not invented by Zagreb. I must say that all the cities in Europe have that. Most of the flats are rented in Europe in fact, cities are renting. I know, for example, in Mainz, the city owned around 15 000 dwellings." City officials in interviews were also using their knowledge and information from study visit to western cities related to public rental sector.

The main elements of the opposition objections in terms of legal and procedural aspects were not very much convincing and they were started: "It opens possibility of improper conduct and will open possibilities of crime. Why should a company owned by the city build flats, the mayor, who is also president of the Assembly and the city administration are buying flats and then share them on one list that is not called neither social nor necessary, but are shared by a new decision that was made *nota bene* before the elections" (Representative of HNS). Arguments of oppositional parties on legal and procedural aspects were more debate to make some noise, to oppose the programme and less to contribute clarification of programme.

It might be important to mention certain controversy about expert analysis because of representatives in City Assembly were not following development of the project and earlier activities related to public debate on the proposal of the programme. Also, it was evident that city administration omitted to provide more written materials about the project on the tables of representatives in City Assembly. Professional capacity of city administration presenting such innovative programme was mentioned in the debates: "To be the most contentious is that such an important project, in financial terms, was not preceded by a qualitative analysis of the situation and the needs which would give an answer and certainly reduce all these problems that have arisen later" (Representative of HDZ). City officials strongly recommended, in interviews, evaluation of this programme and change of regulation in favour of tenants offering to them possibilities to buy these flats.

The need for this specific kind of programme was well elaborated in the beginning of the debate and with very clear recommendations. As the role of cities in housing policy is not defined and proposal of this programme was an innovation related to the undefined concept of housing policy as such. Comments with critics of that part were more controversial, like this one: "Please, tell me is it more important that the City of Zagreb is a construction in this crisis, to build homes and then inventing programs that will rent out one-third, one-third sold or duty of city government is to take care of citizens who cannot do it yourself?" "I think it's not good for the City of Zagreb to be in the housing market, nor as a landlord because do not forget that this combination of socialism on capitalistic way and mode of capitalism in a socialist manner doesn't exist in theory" "but that city and the city government is building flats for market and then by special resolution withdrawn that flats from the market in a way that makes the decision to lease them under favourable conditions, I think that kind of practice in Europe, to which we adopt, doesn't exist ... "" And to conclude my remarks, we will be against this decision, but for the simple reason, because I do not see any reason that the City of Zagreb to deal with this" (Representative of HNS).

Personal and political disagreements with proposed programme was more on the political side of the story like a comment: "You know, to treat every decision before the election, or any decision that suits those who lead the city in way that that is social democracy means that the rest of us do not know what a social democracy"(Representative of HNS).

In general, comments of opposition parties are more formal and focused on some of the legal issues relating to the ownership of flats that will be distributed in this program and procedural things. However representatives of the various parties agreed that program has a certain value in housing and meeting the needs of young families. Given the circumstances and situation housing crisis in the city of Zagreb, current economic condition and value of the program and mostly innovativeness of the programme and it's foundations on expert analysis the program was adopted by a majority of votes.

Besides that, city administration was not so effective in preparation of this topic for the City Assembly. They failed to provide additional information from the Strategy on City Housing Policy to representatives of other parties in Assembly. Somehow, this style of governance is result of filling of ruling party that they have majority and then they do not worry very much about the quality of procedure.

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

One of the main aspects that should be looked regarding changes in the local social systems is the issue of the nature of civic participation and the degree of openness and inclusion of citizens as integral stakeholders at the local level. As for citizen participation in Zagreb in recent period, especially in decision making about strategic documents wide range of stakeholders are to some degree integrated. This is especially true for the developing "Programme of Social Policy of the City of Zagreb 2009-2012". Also in the new strategic document in that area for period 2013 wide range of stakeholders have been invited to participate in the development. Civil society organizations have been significantly involved in the activities in social policy and, as can be seen in practice, to some extent the trust was built between them and the city administration that implements the operational programs. It is important that actors involved at this level recognize each other in the creation of sustainable city policy. But civic participation through civil society is perceived somewhat differently by the "higher" level among political decision-makers. There is general distrust of the activities of civil society and their missions. This is witnessed by interviewees from City assembly.

A good part of the civil society organizations are unneeded. How many members they gather? They get the money, they have a small number of members, whom they gather? There are hundreds of organizations, burdening the city budget."²⁵ "Civil organizations remain partly petrified structures. Many of them were accustomed to rely to founding from ministries and city for their activities. They spent money on salaries and bills and do not develop the voluntary sector. They are often asking money not for quality of programs but to pay salaries and bills. There is no strategic plan of action, the projects adapt to what they think that will get them money"²⁶

²⁵ Representative form Retirements Party, and president of committee for social care

²⁶ Representative of Croatia Peoples Party

Media are an important factor in communicating and shaping relationship between citizens and local authorities. The problem is that people only in rare cases can be heard through the media.²⁷ The media is not interested in the programs, often they only look for scandals.²⁸

Therefore it can be concluded that the politics is not open don't and have trust in citizens and their ability of self-organization and making actions on issues that are relevant to their lives. But on the other hand city government cooperates with civil society. It can be said that there is a double prism of looking at the active participation of citizens in shaping the action at the local level. Politics is not close to citizens and is keeping the distance from the people that should represent. As stated „in Zagreb, we have a wealth of people and talents more than anywhere else in Croatia, but there is containment of politics and lack of democracy and participation. Clientelistic ties are often important, changes come slowly, and outreach to the citizens is missing."²⁹ On the other side the city government operates more pragmatic and closer to the people in their activities. Citizens are willing to cooperate and are getting systematically involved if they have joint interest. They are ready to self organize, mobilize on specific issues, and successfully communicate their positions in the media. We have the concept of pluralism in which citizens recognize need and act by their organization and applying pressure.³⁰

In taking account of these differences it is interesting to observe that all the stakeholders think that Zagreb is to centralised and there is a need for decentralization. Decentralization should contribute to a better quality of life through adaptation to local needs and more rational use of resources. All stakeholders see future in which people will become more responsible and have more power to influence their micro environment. Broad consensus on the need for decentralization was highlighted in almost all interviews.

*"We need decentralization, it would be fairer that assembly's of city districts implement politics of that what citizens want, through that assembly's needs of the citizens towards city should be channelled, so more local decision-making is needed"*³¹

*"I think the local policy in the future will become more important especially in Zagreb, which is a large and very significant city with existing development resources. We need to put things in perspective and say that certain districts of Zagreb have a bigger population than some large Croatian cities. So, definitely, that there is a need for decentralization on the city level. Everything will be scale down to local level in the future, city districts and their assembly's will become more important"*³²

*"It is necessary to decide on the specific problems of the specific environment at the local level, they know them best. But the problem is that some resolve things better, others worse."*³³ It is

²⁷ There are some positive examples in child care area

²⁸ As also stated in interview with one of city representative

²⁹ independent expert

³⁰ That is especially shown in field of child care

³¹ Representative of Social Democrat Party

³² Representative of Croatia Peoples Party

³³ From the context of public debates is shown that in the city as part of an urban process gentrification operates and its visible in the central parts of the city. On the other side on

necessary to take into account that social rights cannot depend only on local authorities and their abilities. Local level need more power”³⁴

It was observed that on the normative level all stakeholders strive for the trend of decentralization. But the question remains how much is done concretely in that area and how willing are stakeholders to act. The main decision-makers have shown distrust to civil society, the question is how much confidence they have in the citizens in the district. In the case that decentralization trends become a political reality remains the question how much local authorities at lower level are prepared to meet the challenges of decentralization. Primarily that means what is human capacity of city districts, how will financial framework of shifting responsibility to the city district be arranged, and how much power and in which areas will they have.

Social innovations as a driver of change and further development are poorly recognized among stakeholders, they have very little idea of what social innovations represent and do not express a sufficient understanding of the concept. It is completely new concept in Zagreb. "There is more and more talk about social innovation, there is a lot of cooperation with civil society organizations, it is considered that they can significantly change social policy. We recently talked in the City about social entrepreneurship and we could not think of any example".³⁵ General unfamiliarity with the area of social innovation raises important issues regarding the framework for our project. In the approach to address issues of social inequality and promote social cohesion within the local social 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. Research (Bežovan, 2010) has shown that civil society organizations have the better knowledge about social innovations than local and national actors. We recognized in our analysis that there is some capacity in the city for innovation, especially if people have common interest. Although social innovation as a paradigm has not been established in the city of Zagreb, the 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 and building partnerships and involvement of stakeholders in the process of drafting and adoption of strategic documents. There is a will to change and will to open of space for social innovation within city administration. But often is the case that innovation can only be successful if there is political support.

Also there is lack of key elements: creating a new paradigm of social intervention bodies, consistent investment in the change agents, the financial framework that would be precondition to actions and knowledge and competence to thoughtfully and strategically conceptualize social innovations at the local level.

There are two important components which stand out for the future development of local social policies and to make them more effective and open to social innovation. First is the problem of insufficient coordination between different city departments and a lack of comprehension of a wider social system. "City administration is dispersed, they don't know what they do in education, the economy, it goes through inertia, there is no synergy, coherence, incentive to work systematically ... a lack of connection. The system is huge; it

the outskirts of the city slums are developing. That is one part of the story in which process if centralization fosters inequality in urban context.

³⁴ Independent expert- Journalist

³⁵ Assistant of Head of Zagreb's Social Protection department

will be difficult to change in the future."³⁶ The problem is that different actors have no insights into the system as a whole. The system is disjointed and actors often lack strategic thinking. This was in past largely the case in decision making practice in city assembly, in which ruling party had a sufficiently strong majority to make independent decisions without the influence of the opposition. After the political divergences of mayor and his party³⁷, through political conflict, fertile ground was established for increasing of active discussion and debate, which should also increase interest in strategic thinking and action. Second important component that is limiting city policy and innovations is the lack of evaluation. As it is clearly stated: "The problem with social policies is that they are generally written, effort was invested and element of evaluation is lacking. Also in many areas there are no criteria by which priorities or course of action are set."³⁸ Zagreb's social policies are generous and comprehensive. However, lack of evaluation, control and criteria make programs of social politics less prone to analysis of their (un)success. Consequently, it is difficult to assess the effectiveness of social programs and establish criteria determining priorities for action. Although the debate in the City assembly on "Programme of Social Policy of the City of Zagreb 2009-2012"³⁹ indicated the importance of evaluation and there was initiatives develop some instruments of control and evaluation, in the meantime very little was done in that direction. In the area of local social policy there is certain parallelism in actions. Actions of state and centres for social care in that area and social programs of the city were in significant disagreement before, however, recently we witness improved coordination among state and local level.

³⁶ Assistant of Head of Zagreb's Social Protection department

³⁷ Described in more detail in the introduction

³⁸ Representative of Croatia Peoples Party

³⁹ Phonogram of 45th Session of Zagreb City Assembly held on 26 February 2009. year

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