



European Construction Sector Observatory

Policy measure fact sheet

Croatia

ePermit (eDozvola)

Thematic Objective 3

January 2018



In a nutshell

Implementing body:	Ministry of Construction and Physical Planning
Key features & objectives:	All the building and use permits for construction are issued electronically, strengthening transparency and efficiency and reducing the number of days required for obtaining the permits.
Implementation date:	2015
Targeted beneficiaries:	Civil servants, applicants, investors and designers
Targeted sub-sectors:	Construction sector
Budget (EUR):	186,394.13 (1,397,490 HRK)

Regulated by the Law on Physical Planning and Construction¹, the most important permits for construction are the location, building and usage permit. Over recent decades, the construction permit process in Croatia has been decentralised. Each local unit conducts a separate and individual procedure. As a result, permits and the permit process have differentiated considerably from one administrative body to another, leading to uneven treatment and inadequate law enforcement. It has also resulted in lengthy and costly processes that are riddled with uncertainty.

The 'Doing Business 2013' report by the World Bank characterised the Croatian construction permit process as one of the lengthiest and least straightforward in the global economy, with applicants having to wait 334 days to obtain a construction permit². In addition, the lack of control mechanisms and the disregard for legal deadlines have allowed irregularities and illegal construction to flourish. Another problem is that foreign investment started to decline around the time of the economic crisis, largely because procedures were perceived as overly complex and lacking transparency.³

To solve the shortcomings of the construction permit process, the Ministry of Construction and Physical Planning took the decision to develop an 'ePermit' (eDozvola) system.

The new system is part of a wider national digitalisation strategy (eCroatia 2020) which was launched in 2015. The strategy aims to digitally transform the delivery of public services in Croatia, including government services and administrative processes (eGovernment).

The purpose of digitising and automating government services, processes and procedures, including those relating to construction and planning permissions, is to improve their efficiency and quality and make them more transparent and easy to access and use.

ePermit is Croatia's new system for issuing building permits and planning permissions (e.g. usage permission, location permits, solutions for building particle...) that are legally required to produce spatial planning documents and to implement a construction project. The system enables applications for all relevant permits and permissions to be done online through the Ministry of Construction and Physical Planning's official website⁴.

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The Building Act and the Physical Planning Act, which entered into force on 1st January 2014, created the preconditions for the introduction of the 'ePermit' system. Following a successful trial phase in 2015, the system was then rolled out to administration departments that are responsible for issuing permits across the country (counties, cities and towns)⁵.

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General description

The centralised ePermit system is run by the Ministry of Construction and Physical Planning and is part of the Information System of Physical Planning (ISPU). The system is implemented at national level in the Republic of Croatia and is applied across all counties (primary administrative sub-divisions in Croatia), major cities and towns that are responsible for issuing building and planning permits.

The ePermit system aims to provide investors and applicants with greater legal certainty and confidence, to speed up the permit application and issuing process, and to better enable applicants to track the progress and status of their application.

The eDirectory system has two portals, a portal for citizens (investors, designers, interested persons) and a portal for officials:

- **Portal for citizens⁶:** Citizens are able to access the ePermit License Portal through the website of the Ministry of Construction and Physical Planning. The website is easy to use and guides users through each of the service options:
 - Electronic submission of permits and other acts: Applicants can find all of the application forms that are required to obtain a construction permit. Applicants that submit their application electronically, in accordance with the instructions provided, receive a 15% discount on the administrative fee charged. Applicants can also complete and submit their application in person or by post to the relevant department⁷;
 - Permit office search engine (where to apply): The system enables users to search for their local permit issuing department. By entering the county, town or municipality in which the property is located, the system provides the information on the appropriate permit office;
 - Search engine for public law bodies, which operate under special regulations: Similar to the permit office search engine, this facility gives users access to information on 9,000 public bodies;

- Search engine for registry of certified architects and engineers: giving users access to a database of 9,000 authorised professionals;
- Search engine for construction plans: users can locate valid construction plans by entering the county (the primary administrative sub-division in Croatia) and settlement data pertaining to a construction project. About 6,600 different plans and their meta-data are currently stored. However, the system is not able to display the specific cadastral plot. Nevertheless, this information can be obtained in the ISPU application on the Ministry page;
- Search engine for legislation in force: providing access to a review of all licensing procedures and relevant valid legislation;

- **Portal for officials⁸:** The Portal aims to centralise and automate all construction permit administration procedures. The portal is used by officials to ensure that permits are issued correctly and within the legal deadlines. The performance of county and local departments and officials can also be monitored and reported on. The portal makes the permit process more transparent and permit system information is also integrated with other information modules, such as the ISPU (ePlane, eInspekcija, eLegalizacija, eArhiva) and information systems outside the Ministry (DGU, OIB, Land Registry etc.). To achieve the goals set by eDozvola, the official portal features:

- The time frame for each process. The system states how much time the officer has spent on each action, as well as the indicative time needed to complete each action and the time remaining. A colour scheme (from green to red) is used to warn clerks if the time spent on a certain step is unexpectedly long;
- A list of all applications in each case, from submission to decision. Each application contains the date of receipt or creation, and includes all possible attached documents. This feature enables officials to monitor the day-to-day handling of each application and control all enclosed and submitted documents.

The ePermit system is managed by the Ministry of Construction and Physical Planning. When the Ministry receives an alert, it is able to decide on the appropriate remedial action.

Various seminars and workshops are being conducted to evaluate implementation, and continuous actions to address identified issues are being carried out. In addition, the Ministry is also implementing an alert notification system to flag up issues that need resolving, such as irregularities or illegal actions.

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Achieved or expected results

The ePermit implementation process has proven to be quite successful. It has strengthened the transparency and efficiency of construction and physical planning administrative procedures and has achieved a certain degree of uniformity in the work of competent administrative bodies. In addition, it has considerably lowered the time required to obtain the licenses and permits needed to build a warehouse, and it has also shortened the length of the building permit process to match the targeted timeframe set by the Ministry.

Table 1: Faster permit process

Improved process speed	From	To
Acquire permits/licences to build a warehouse	334 days	74 days
Building permit process	334 days	30 days

Source: World Bank, Ease of Doing Business in Croatia⁹

According to the Croatian Central Bureau of Statistics, 8,018 building permits were issued in 2016, which is 26.7% higher than the number issued in 2015 (6,328). For the issued building permits in 2016, the expected value of works is 11.7% higher than in 2015. According to the issued building permits in 2016, 35.2% more dwellings are expected to be built¹⁰. Nonetheless, there is still room for improvement.

The ePermit system is still not fully operational, as it is not yet available (in administrative terms) for users living in less developed parts of Croatia and in small urban units.

Broadband internet access is also still lacking in some areas of Croatia. Other problems have also been identified in relation to data gathering and the submission of documents. There are still a number of documents that cannot be submitted electronically¹², which slows down the procedure. Additionally, some participants encounter difficulties when they are required to electronically sign application documents.

Table 2: Impact of eDozvola

Number of Building Permits issued in 2013:	6,687
Number of Building Permits issued in 2014:	6,589
Number of Building Permits issued in 2015:	6,328
Number of Building Permits issued in 2016:	8,018

Source: Croatian Bureau of Statistics¹¹

This is because many users are not equipped with the necessary digital certificates for electronic signatures.

In the initial stages of implementation, some users experienced problems using the system.

Other weaknesses that have been pointed out include a lack of communication and insufficient skills on how to use the ePermit system.

Additionally, in cases that require modifications or alterations to a license or when duplicates are requested to replace permits that have been destroyed or are unavailable, administrative procedures are still too complex and time-consuming.

'ePermit' strengths:

- Procedural conformity as administration offices are all following the same steps;
- Transparency:
 - The Ministry monitors all building permits issued in Croatia;
 - Citizens can monitor the current status of their building permit applications;
- Continuous system improvements and upgrades;
- Building permit procedures have been streamlined;
- Streamlined documentation requirements;
- Built-in alert notification system to flag up irregular and illegal actions.

'ePermit' weaknesses:

- Full cooperation and linkage between the Ministry and local administration is still not fully operational;
- Some of the required documentation still cannot be submitted electronically;
- Insufficient spatial internet coverage in Croatia;
- Not enough trained officials on control mechanisms of the 'e-Permit' (which monitor irregularities and illegal actions);
- Full legal protection for, and appropriate treatment of, applicants has not yet been achieved.

Since 'e-Permit' was introduced, the system has been upgraded and updated to address new requirements and to solve prob-

lems that were encountered. For instance, incomplete applications can now be temporarily stored on the citizens' portal. The ePermit system is continually being upgraded with new tools and data to further shorten deadlines and improve process and procedural efficiency. Steps are being taken to integrate ePermit into the 'eGrađani' ('eCitizens') portal. The aim of the Government is to modernise, simplify and accelerate the communication of citizens and public administration by making public service delivery more transparent. It is expected that in the future, all administrative acts will be consolidated into one large system to house all required data in one place and to provide single access to all data.

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Perspectives and lessons learned

From a **government perspective**, the Croatian Chamber of Economy says that the feedback on the new system has been rather positive.

Beneficiaries of the system, in particular, have indicated that the system has significantly improved the speed of the building permit process. Feedback from both investors and applicants indicates that the new system has improved service quality and provides better legal security. The Croatian Chamber of Economy believes that the key lesson learned from the implementation of the ePermit system is that the public interest and the benefit of private/public investors and applicants should always be the principal focus of public service.

From the **perspective of The Association of Cities in Croatia**, the overall impression is positive. ePermit has helped to make the permit process more cost-effective and transparent, and has helped to reduce corruption.

Nevertheless, the association believes that officials should receive more training in order to be able to streamline the procedure. In the association's opinion, the Ministry of Construction and Physical Planning needs to solve the problems that are arising with e-signatures.

From a **private sector / industry perspective**, the Croatian Green Building Council questions whether citizens and officials have the required skills to deal with ePermit applications.

The Council argues that the Ministry needs to improve its communication activities, since according to them the awareness raising campaign, which aimed to explain how to use the new system, what its functionalities are and what the benefits are, has been poorly implemented.

Endnotes

- 1 Law on Physical Planning and Construction: Official Gazette, no. 76/07, 38/09
- 2 Economy Profile: Croatia World Bank. 2013. Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises. Washington, DC: World Bank Group. DOI: 10.1596/978-0-8213-9615-5. License: Creative Commons Attribution CC BY 3.0
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- 3 Dokumentacija potrebna za gradnju građevina, Mario Juric 3490/601, Završni rad br. 268/GR/2016, Varaždin, rujan 2016:
<https://dr.nsk.hr/islandora/object/unin%3A1132/datastream/PDF/view>
- 4 e-Croatia 2020 Strategy, Ministry of Public Administration- December 2015:
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- 5 6th international conference “development of public administration” June 3rd and 4th 2016: “Information System of Ministry of Physical Planning and Construction – e-Permit”. Antonija Brkic, Melita Grüll eDozvola, Ministarstvo graditeljstva i prostornoga uređenja, Uredsko poslovanje, MGIPU 2016
- 6 eDozvola, Ministarstvo graditeljstva i prostornoga uređenja, Uredsko poslovanje, MGIPU 2016
- 7 eDozvola: <https://dozvola.mgipu.hr/naslovna>
- 8 eDozvola – informacijski sustav za pomoć pri vođenju postupaka u graditeljstvu i prostornom uređenju, Korisnički priručnik, Ministarstvo graditeljstva i prostornoga uređenja.
https://gov.hr/UserDocImages/Moja%20uprava//edoziola_upute.pdf
- 9 Ease of Doing Business in Croatia: Dealing with Construction Permits. The World Bank:
<http://www.doingbusiness.org/data/exploreeconomies/croatia/dealing-with-construction-permits>
- 10 Statistical Overview of the Construction Sector of the Republic of Croatia January- December 2016. Construction and Utility Department Croatian Chamber of Economy, May 2017
- 11 Building permits issued Croatian Chamber of Statistics:
https://www.dzs.hr/default_e.htm
- 12 The following documents cannot be enclosed electronically: copies of the main design, certificate of the main design validation if has been develop according to foreign regulations, certificate of public law bodies acknowledging respect of special regulations or requirements, certification that the design was developed in accordance with environmental regulation.