

**SGI** Sustainable  
Governance  
Indicators

## 2014 Croatia Report

Zdravko Petak, William Bartlett,  
Frank Bönker (Coordinator)



## Executive Summary

In Croatia, two governments held office between May 2011 and May 2013: Prime Minister Jadranka Kosor's government, in which the Croatian Democratic Union (Hrvatska demokratska zajednica, HDZ) was the main political force, and Prime Minister Zoran Milanović's Social Democrat-dominated government – a coalition of the Social Democratic Party (Socijaldemokratska partija Hrvatske, SDP), the Croatian People's Party – Liberal Democrats (Hrvatska narodna stranka – liberalni demokrati, HNS), the Istrian Democratic Assembly (Istarski demokratski sabor, IDS) and the Croatian Party of Pensioners (Hrvatska stranka umirovljenika, HSU). The parliamentary elections in December 2011 showed a strong shift to the political left. The center-left government won a large majority of seats in the national parliament or Sabor. The HDZ remained the second largest party, but lost 21 seats. Its main coalition partner, the Croatian Peasant Party (Hrvatska seljačka stranka, HSS), lost five out of the six representatives it had in the previous Sabor.

In the process of EU accession, which took place on 1 July 2013, the quality of democracy in Croatia has clearly increased. First, the amendment to the Voters' Register Act and the cleaning of the voting registers have reduced the extremely large number of registered voters with no real residence in Croatia – before the changes Croatia had more voters than inhabitants. Secondly, changes in the appointment of justices and other reforms have improved the independence and effectiveness of the judicial system. Thirdly, corruption has suffered a blow from the new wave of anti-corruption measures initiated by the Kosor government, as exemplified by the November 2012 conviction of Ivo Sanader, the Croatian prime minister from 2003 – 2009. In contrast, less progress was achieved with media freedom and pluralism and the fight against discrimination. Public and private media alike continue to suffer from a hands-on approach by the government and/or private media owners.

The main policy challenge in Croatia has been the bad economic situation. While the Milanović government adopted a number of reforms, most notably in the field of taxes and social insurance contributions, it could not prevent the economy from stagnating in 2012 and from entering a double dip recession in

2013. The strong reduction of the fiscal deficit in 2012 even aggravated the short-term economic problems. The relaxation of fiscal policy in 2013 has led to some uncertainty over the government's course and has been poorly received by the leading rating agencies and other international observers. The April 2013 European Parliament elections and the May and June 2013 local elections demonstrated that the bad economic situation and the unclear course of the executive have substantially weakened the originally strong popular support for the Milanović government.

Despite EU accession, the institutional arrangements of governing in Croatia have remained largely unchanged. While EU accession has resulted in a proliferation of programs, strategies and other policy documents, neither the Kosor nor the Milanović government have done much to improve the institutional capacity for planning and coordination. Interministerial coordination has suffered from a high degree of politicization and has largely been achieved through negotiations among the coalition partners. While the legal framework for regulatory impact assessments (RIA) has been strengthened, the implementation of the new provisions has started only slowly. There is still little evaluation of government activities, and central government does little to monitor executive and regulatory agencies and to implement national standards for public services.

## Key Challenges

The Milanović government has dashed many hopes and expectations held by its voters in late 2011. It still has a stable majority, but will be able to regain popular support only if it manages to ensure, within a relatively short period of time, the resumption of economic growth.

In order to boost the economy, the government will have to achieve three main objectives: attracting foreign investment (reduced by more than half of pre-crisis levels), raising the competitiveness of the economy through effective public investments in education and skills, and increasing investments in the small- and medium-sized enterprise (SME) sector (where tens of thousands of jobs were lost during the crisis). This is all the more important given that high value added products are the ones that have the highest prospect of improving sales abroad through exports. Some of the important improvements should come through changes in labor market policy that should aim to harmonize the education system and the needs of the labor market. A major challenge in this

regard will be to reconcile the need for additional public spending with the commitment to medium-term fiscal consolidation.

Much will depend on the initial effects of EU accession on 1 July 2013. The crucial question is whether access to the Structural and Cohesion Funds will compensate for possible losses that Croatian companies could suffer due to leaving the Central European Free Trade Agreement (CEFTA). The departure from CEFTA will impair the competitiveness of Croatia's economy in two regional markets: Bosnia and Herzegovina and Serbia (where Croatian products will be encumbered with additional tariffs). It will also affect the ability to export products to the rest of the world outside the European Union's protected internal market. The overall impact of the change in trade regime is likely to be negative unless there is a significant improvement in productivity in the exporting industries. Much is expected from the inflow of Structural Funds from the European Union, but due to weak administrative capacity and the need to co-finance projects with an upfront investment of fiscal resources, it is likely that the absorption capacity for these funds will be highly limited. Perhaps only a quarter of the available funds can be absorbed over the next seven-year period. Set against Croatia's contribution to the EU budget this will not provide enough external resources to lift the economy out of recession without substantial efforts to reform the system from within. The removal of government financial support to the agricultural sector – to be replaced with EU funds – is yet another challenge. The fact that farmers (who depend on government support) are unprepared and have never been informed about the possibilities of using resources from EU funds will present a major problem for this process.

To address these issues, a reform of public administration and of the institutions of governance in general is necessary. Previous governments have avoided downsizing and modernizing the public sector. Numerous client networks exist, making the effective reform of the public sector rather difficult. One of the major challenges for the Milanović government thus will be conflicts with civil service unions.

# Policy Performance

## I. Economic Policies

### Economy

Economic Policy  
Score: 4

Croatia has been hit harder than other countries in the Western Balkan region by the negative macroeconomic consequences of the global financial crisis that began to affect the economy in 2009. A collapse in the exports of goods and services, in the rate of credit growth and in inflows of foreign direct investment (FDI) devastated the economy. Trade only recovered to its previous level in 2011 but has since stagnated. FDI inflows recovered somewhat in 2011 and 2012, reaching around €1 billion in each year, but is still far below pre-crisis peaks. As a consequence the economy has experienced a sharp decline in real GDP, which fell by 6.9% in 2009 compared with the preceding year and by a further 2.3% in 2010. It flatlined in 2011. In 2012 the economy again declined by 2.0% as a double dip recession set in. The Milanović government has reacted to these developments by adopting what it has called a “growth-friendly fiscal consolidation.” It has reduced the budget deficit from HRK 14.8 billion in 2011 to HRK 9.9 billion in 2012 by a combination of revenue increases and expenditure cuts. At the same time, it has shifted the tax burden from social insurance contributions to indirect taxes and has introduced some tax incentives for taking on the long-term unemployed. A new law was adopted to facilitate the resolution of non-performing loans and some progress has been made to reduce the high cost of starting a business. However, these measures have not been sufficient to reverse the negative economic development. The downgrading of Croatia’s credit rating to the “junk” category in February 2013 highlights the dire economic situation.

### Labor Markets

Labor Market Policy  
Score: 3

As a result of the economic recession, the unemployment rate has increased in the past four years. The main reason for the increase has been the fall in

aggregate demand, but this has been exacerbated by the mismatch of supply and demand at regional, skill and expert levels. The groups of the population most affected by unemployment include youth up to 25 years of age, women above 45 and men above 50. Recent research on the skills mismatch in the Croatian labor market has shown severe mismatch on the labor market for young people, and that as many as two fifths of school leavers fail to find a job in the occupation for which they were trained (Matkovic, 2012a). It is not surprising therefore that youth unemployment almost doubled from 22% in 2009 to 43% in 2013. Moreover, long-term unemployment also doubled from 5.1% in 2009 to 10.3% in 2012. Only one fifth of the unemployed receive unemployment benefit, and the average duration for receiving benefit is three months. Labor market policies in Croatia are insufficient to tackle the rapid increase in unemployment. Spending on active labor market policies is relatively low at just 0.51% of the GDP. Despite a high level of long-term unemployment, relatively little is spent on retraining, lifelong learning and adult education. Only 2.4% of the adult population receive training compared to an average of 9% in the European Union. The minimum wage in Croatia is not especially high at the equivalent of €371.34 per month – similar to Poland and Hungary and about half the level of Slovenia or double that in Bulgaria. However, high social contributions provide a disincentive to employers to hire workers. In order to reduce the disincentive, in 2013 the Milanović government reduced the rate of employer compulsory health insurance contribution on gross wages from 15% to 13% and adopted an Employment Incentive Act which exempts employers from paying health and other contributions if they take on long-term unemployed people without work experience. However, high marginal tax rates on unemployed people who receive social assistance impose an additional disincentive for the unemployed to find work (Matkovic, 2012b).

Citation:

Matkovic, T. (2012a)“Educational Origins and Occupational Destinations? Dissecting the Education-Job Mismatch in School to Work Transitions in Croatia,” in: M. Arandarenko and W. Bartlett (eds.) *Labor Market and Skills in the Western Balkans*, Belgrade: FREN, pp. 73-100.

Matkovic, T. (2012b)“EEO Review: Long-term unemployment 2012, Croatia” Brussels: European Employment Observatory.

## Taxes

Tax Policy  
Score: 4

In Croatia, the share of tax revenues in GDP is low compared to other EU countries. This is partly due to a high degree of tax evasion and an inefficient

tax administration. While Croatia has a progressive personal income tax, the redistributive effects of the tax system are limited by the fact that the tax system relies strongly on VAT and social insurance contributions, which each account for about a third of all tax revenues. In contrast, personal income tax generates only 9% of total tax revenues, as does corporation tax. Property tax, which generates only 1% of total tax revenue, is a very underdeveloped form of taxation in Croatia. The amount of tax reliefs, exemptions and incentives in the Croatian profit tax system has been growing year after year. The main aim is to engage in international tax competition to attract foreign investment by reducing the effective rate of profit tax set at 20%. However, allowing tax reliefs reduces the tax revenue available to finance public expenditure, and also increases the administrative costs of tax collection. The various reliefs and exemptions are moreover distortionary and reduce the efficiency of the tax system as a whole.

The Milanović government has tried to shift the tax burden from social insurance contributions to consumption taxes, with a view to making the tax system more employment friendly. On the one hand, it cut social insurance contributions; on the other, it raised the standard VAT rate from 23% to 25% and introduced a new VAT rate of 5% for goods and services that were not previously taxed – such as basic foods, books and medical aids. In order to limit the regressive effects of these changes, the government introduced a new 10% VAT rate for necessities such as water and sugar as well as for children's food, and slightly raised the personal income tax allowance.

### Budgets

Budgetary Policy  
Score: 6

In line with the obligations enshrined in the 2010 Fiscal Responsibility Act, the Milanović government succeeded in reducing the fiscal deficit and in meeting its fiscal target in 2012. However, fiscal consolidation has not been sustainable. According to projections by the European Commission in 2013, the budget deficit as a percentage of GDP is to increase over the next few years. The Commission also expects the 60% of GDP debt-ratio threshold to be crossed in 2014 due to both higher deficits and lower GDP growth than projected in the government's programs. Part of the increase in the debt ratio, which stood at 46.7% of GDP in 2011, is a result of the depreciation of the Croatian kuna since a large share of Croatian public debt is denominated in euro and US dollars.

Citation:

European Commission, 2013: Assessment of the 2013 economic program for Croatia. SWD(2013) 361 final, Brussels, May 29, 2013.  
([http://ec.europa.eu/europe2020/pdf/nd/swd2013\\_croatia\\_en.pdf](http://ec.europa.eu/europe2020/pdf/nd/swd2013_croatia_en.pdf))

## Research and Innovation

R&I Policy  
Score: 3

Croatia offers tax reliefs for R&D, but substantially less than other EU member states. Overall, total expenditure on R&D comprised 0.75% of GDP (expenditure by the business sector accounted for 0.34% of GDP, the government sector and the higher education sector 0.21% of GDP each). In 2012, according to the results of the Community Innovation Survey, 42.4% of enterprises in Croatia reported having engaged in an innovation activity, compared to 52.9% in the EU-27. In accordance with the Entrepreneurship Incentive Plan, the Ministry of Entrepreneurship and Crafts introduced new measures under the Entrepreneurial Impulse Program in 2013. The program eliminates barriers to the growth of innovative companies by increasing the availability of financial resources for fast-growing, knowledge-based, small and medium enterprises. The Business Innovation Center of Croatia (BICRO) has introduced several measures to support innovative companies including RAZUM (Development of knowledge-based companies), KONCRO (Competitiveness and technology process advancement) and TECHRO (to develop science–industry cooperation through technology parks and technology transfer centers). An evaluation study of these measures concluded that the effects are “fairly modest” due to the lack of an institutional and business environment to incentivize innovative activity (Svarc and Racic, 2013). The study further concluded that there is a lack of strategic, coherent and integrated policy framework, that companies have a low technology capability to support innovation and that technology transfer mechanisms were inadequate.

Citation:

Svarc, J. and Racic, D. (2013) ERAWATCH Country Reports 2011: Croatia,” Seville: European Commission Joint Research Center, Institute for Prospective Technological Studies

## Global Financial System

Stabilizing Global  
Financial Markets  
Score: 6

Croatia has a relatively stable banking system with more than 90% of banks in foreign ownership. The Croatian National Bank shares responsibility for overall financial system stability with the Ministry of Finance and the Croatian Financial Services Supervisory Agency (HANFA). However, the tools that



HANFA has at its disposal do not seem to be particularly efficient. Due to rising foreign debt that has reached almost 100% of GDP, international rating agencies relegated Croatia to the “junk” category in 2013. The main risks to financial stability stem from the deteriorating economic situation, deleveraging by parent banks, and the rising number of non-performing loans. While Croatia is rather vulnerable to developments on the global financial markets, its governments have not played a major role in global attempts at reforming the international financial architecture, but have focused on reducing vulnerability through domestic reforms.

## II. Social Policies

### Education

Education Policy  
Score: 6

In Croatia, responsibilities for schools are divided between local governments and the Ministry of Education and its agencies, which sometimes causes conflicts over allocation of resources and management control. Access to education is open and widespread, with almost 60% of a cohort enrolled in tertiary education. In order to assure the quality of secondary education, there is a system of centralized exams overseen by central agencies. As in other former Yugoslavian countries, vocational education is very weak and there is a high degree of mismatch between what is taught and the demands of employers, so vocational education is not a route to a job. The quality of tertiary education varies significantly across institutions and even departments within universities. Universities do not function as unified institutions with common policy, resources and objectives, and the academic culture is poorly developed. The Milanović government has left the structure of the education system largely unchanged. As the center-left government and conservative forces have clashed over sexual education in primary and secondary schools and the privileged role of the Catholic Church, “value conflicts” have gained importance in education policy.

### Social Inclusion

Social Inclusion  
Policy  
Score: 4

Poverty and social exclusion are major problems in Croatia. According to Eurostat estimates, based on the EU- Survey on Income and Living Conditions, one third (32.7%) of the Croatian population were at risk of poverty or social exclusion in 2011, compared to just one quarter of the population of the

European Union as a whole. Social inclusion policies to combat poverty and social exclusion are generally weak. Income inequality is relatively low: the income quintile share ratio (S80/S20) is 5.4 compared to 5.1 for the European Union as a whole, and the Gini coefficient is 31.0 compared to 30.7 for the European Union. There are few isolated and segregated pockets of poverty in addition to the still war-affected areas of Eastern Slavonia and elsewhere that have still not recovered economically. The problems of social exclusion and poverty are mostly caused by the weakly performing labor market, where a significant portion of the active age population is trapped in long-term unemployment. Labor market policy and policies dealing with social exclusion are weakly institutionalized, often prone to changes, lacking strategic objective and focus, and are almost never evaluated on the basis of efficiency. Social transfers have low replacement rates and are not structured in such a way that they can have any significant impact on social exclusion. Education still constitutes the best route out of social exclusion. However, vulnerable segments of the population are transferred into the vocational stream of secondary education, which does not allow access to higher education. An additional problem is that regional development policy has failed to address the geographic distribution of poverty and exclusion, and as a consequence regional disparities have widened consistently over the period of transition since Croatia became an independent country (Bicanic and Pribicevic 2013).

## Health

Health Policy  
Score: 5

In Croatia, health care services are mainly publicly provided on the basis of a system of social health insurance paid through employer and employee contributions. The system is broadly inclusive. Primary care is widely available while specialized care is provided in regional hospitals and national clinical centers which divide work on the basis of the complexity of procedures. However, access to care is adversely affected by the regional variation in the range of care provided, and there is some evidence of significant health inequalities between low and high income groups (Mastilica, 2012). Resources are not always used efficiently and suppliers' interests often lead to duplication of resources or syphoning of funds. Due to the low employment rate and the ageing population, the system runs at a constant deficit which is covered from the central government budget. Due to resource constraints, patients are expected to make co-payments for an increasing range of services. The Milanović government adopted a National Health Care Strategy 2012 – 2020 in September 2012, which apart from a detailed analysis of the current situation,

provided a list of detailed proposals for gradual improvement of the health care system, while ruling out any radical reforms. By reducing the social insurance contribution to the Croatian Health Insurance Fund (Hrvatski zavod za zdravstveno osiguranje, HZZO) from 15% to 13%, it further limited the available resources.

Citation:

Mastilica, M. (2012) "Health reforms in Croatia from the user perspective," in: W. Bartlett, J. Bozikov and B. Rechel (eds.) *Health Reforms in South-East Europe*, Basingstoke: Palgrave Macmillan, pp. 31-48.

## Families

Family Policy  
Score: 5

In Croatia, the employment rate of women is 10 percentage points lower than the employment rate of men and lower than in almost all other EU countries. Maternity pay is relatively generous, while child care facilities and extended day schemes at school are limited. Child care coverage is especially poor in areas with low employment, which reflects the ability of local government to pay for services. A major problem is the legal protection of women with children on the labor market. Discrimination by employers in some segments of the private sector against younger women is widespread because it is assumed that the women will eventually require maternity leave. This practice is covered by anti-discrimination legislation, but is weakly enforced due to weak unions and poor enforcement by government agencies.

## Pensions

Pension Policy  
Score: 4

Like other East-Central European countries, Croatia introduced a three-pillar pension system with a mandatory second pillar in the late 1990s. The average effective replacement rate for pensions is around 40%, partially due to the fact that many pensioners retire early. As a result, pensioner poverty is rather high in Croatia. The rules for calculating benefits are generally equitable. However, war veterans enjoy strong privileges, and inequalities between cohorts have been introduced through irregular supplements that have reflected the electoral cycle (World Bank, 2011). Given the ageing population, the low general employment rate and the decline in the effective retirement age from 61 in 2004 to 59 in 2013, the system is not fiscally sustainable and intergenerationally fair. The public pension fund has shown a persistent deficit, which represents a significant risk to the stability of the system. Despite rules aimed at raising the retirement age and at penalizing early retirement, early retirement is widespread due to the stagnant labor market. No effective policy to raise the actual retirement age and to increase the employment rate exists.

## Citation:

World Bank, 2011: Croatia: Policy options for further pension system reform. Zagreb ([http://siteresources.worldbank.org/INTCROATIA/Resources/Croatia\\_Policy\\_Notes-Pension.pdf](http://siteresources.worldbank.org/INTCROATIA/Resources/Croatia_Policy_Notes-Pension.pdf))

**Integration**

Integration Policy  
Score: 3

Immigration is largely limited to ethnic Croats from neighboring countries, who are de facto integrated and have citizenship and equal access to labor market, social system and education. Other groups of migrants are very small and there is no policy directed at integrating them. The treatment of returnees from among the 200,000 Croat citizens of Serbian ethnicity expelled from the country in 1995 represents a significant gap in migration policy. Nearly 21,500 minority returnees still have outstanding housing, reconstruction and civil-status issues to resolve, with most returnee families need legal counseling to help them gain access to their basic rights. Many refugees have not been able to return to Croatia as they were stripped of their rights to socially owned housing after the war.

**Safe Living**

Safe Living  
Conditions  
Score: 9

In Croatia, crime represents no significant threat to public safety and security. The police are generally effective in maintaining public order and combating crime. The police and prosecutors office collaborate effectively with international organizations and countries in the south east European region, the European Union and internationally. Intelligence services have developed cooperation with their counterparts within NATO and the European Union and act within an integrated security system. Croatia does not face significant terrorist threats. Organized crime affects the country mostly through transnational and regional crime networks involved into drugs, human and arms trafficking.

**Global Inequalities**

Global Social Policy  
Score: 3

The Croatian government takes part in the activities of international organizations to which the country belongs; these are mostly in the field of international security and involves armed forces personnel in various roles. The government does not have a well developed international development policy and is little more than a passive participant in most other international affairs.

Trade policy is mostly related to regional trade and EU relations, and does not have independent policy beyond that. In trade issues related to international development, the government follows the policy of the European Union and other international organizations.

### III. Environmental Policies

#### Environment

Environmental  
Policy  
Score: 5

Environmental policy in Croatia has been strongly shaped by Croatia's accession to the European Union. According to the National Strategic Reference Framework, which guides the use of EU Structural and Cohesion Fund money, Croatia is to spend almost €10 billion on waste management, water management and air protection – the three most important environmental issues in the EU accession negotiations – by 2023. However, the implementation of the envisaged measures has progressed slowly both under the Kosor and the Milanović governments. Croatia has not even started to establish regional waste management centers at county level, and is unlikely to meet its commitment in the accession negotiations to reduce its very large share of biodegradable waste (some two thirds of the total waste transported to landfills) substantially by the end of 2013.

#### Global Environmental Protection

Global  
Environmental  
Policy  
Score: 6

Croatia strongly adheres to international environmental standards. During the accession negotiations with the European Union, Croatia incorporated these standards in its national law almost completely. The country has also supported the goals of the Kyoto Protocol and played a major role in the United Nations' decision to make 2011 the International Year of Forests. In the period under review, however, Croatia has not launched any major global initiatives.

## Quality of Democracy

### Electoral Processes

Candidacy  
Procedures  
Score: 9

Candidacy procedures and the opportunity of participating in elections are largely fair and do not suffer from major procedural restrictions. However, participation in parliamentary elections is easier for registered parties than for independent lists. Whereas the latter must collect a certain number of signatures, political parties must do so only for the presidential elections, as well as for local elections when prefects and mayors are elected. This discrepancy has led a group of voters to appeal to the Constitutional Court, claiming that all those who participate in elections should collect citizens' votes, so that conditions of participation would be the same for all. One peculiarity of Croatian electoral law is that a list of candidates can be headed by people who are not actually candidates. In the run-up to the 2011 parliamentary elections, there was some legal uncertainty over the candidacy of Branimir Glavaš, who had been convicted of war crimes and was serving a prison sentence in Bosnia and Herzegovina.

Citation:

OSCE / ODIR, 2012: Republic of Croatia – Parliamentary Elections, 4 December 2011. Limited Election Observation Mission Final Report. Warsaw.

Media Access  
Score: 5

In Croatia, the national electronic media, both public and private, are legally required to provide equal coverage of all competing candidates and parties. In the case of the public media, this includes the obligation to set aside free airtime for all participants and to broadcast a variety of special election programs. Given the large number of parties, however, the problem is that numerous irrelevant participants “clog” the media space. With the exception of the presidential elections, there is no debate between the two major party groups in electronic media. A second major problem is the partisan bias of the local electronic media –two thirds of which are owned by municipalities.

Voting and  
Registrations Rights  
Score: 7

All citizens of voting age are entitled to participate in elections, and the legislation is strongly inclusive. For example, prisoners are eligible to vote, and persons without legal capacity could participate for the first time in the European Parliament elections held in April 2013. The main problem relating

to voting rights has been the excessive number of registered voters with no real residence in Croatia and the bad state of the voting register. However, amendments to the Voters' Register Act in advance of the European Parliament elections state that only citizens with permanent residence in Croatia and a valid ID have the right to vote without registering for a particular election. As a result of this provision and a thorough cleaning of the voting register, the number of citizens entitled to vote has fallen by about 760,000 – a drop of more than 15% from the January 2012 referendum on Croatia's accession to the European Union.

Party Financing  
Score: 5

With the adoption of the Law on Political Parties and Campaign Funding in February 2011, the regulation of political finance has become more transparent and effective. The new law has made it obligatory to disclose party revenues and expenditures, introduced limits on private donations, donations from the business sector and campaign spending and established a ban on foreign donations. However, the reliability of the reports submitted is questionable – there is an excessive reliance on public funds to finance parties and campaigns and insufficient public control of party and campaign budgets. The crucial problem in implementing effective bans on inappropriate campaign funding is the weakness in law enforcement. In-kind services and forms of indirect money transfer from the business sector allow the circumvention of legal restrictions and make it difficult to get a clear picture of party finances. The monitoring capacity of the State Electoral Committee is weak, as it can start its own investigations only after having received official financial reports from political parties or individual candidates. In a big step forward, the State Auditing Office has also begun to carry out systematic audits of the campaign budgets of political parties and individual candidates. However, it can neither conduct random audits nor react to external complaints so far.

Popular Decision-Making  
Score: 4

While the law provides for some forms of popular decision-making, there is no strong tradition of organizing and holding referenda in Croatia. The Croatian parliament or Sabor can call a national referendum if it is proposed by at least 10% of the electorate. In the past, the Sabor refused to do so even in cases of high-profile initiatives by war veterans (2000) and trade unions (2010). In the period under review, no national referendum was initiated or held. Local referenda are also rare; only a few have ever taken place. A referendum on the construction of a golf course and an associated tourist-resort project on the hill above Dubrovnik in April 2013 attracted huge political attention. Although a large majority of voters spoke out against the tourist-resort project, the referendum failed because a lack of voter turnout. For a local referendum to be valid, at least 50% of the electorate must participate.

## Access to Information

Media Freedom  
Score: 5

Media freedom in Croatia is limited. Political influence on the media is still fairly strong, especially at local and regional levels, and so is the influence of private media owners. The Organisation for Security and Co-operation in Europe (OSCE) Representative on Freedom of the Media, Dunja Mijatović, has criticized the Croatian public service broadcaster Croatian Radiotelevision (Hrvatska radiotelevizija, HRT) several times for dismissing and silencing critical journalists. Media freedom has also suffered from the bad working conditions for journalists, who are not protected by collective agreements.

Media Pluralism  
Score: 5

Media pluralism in Croatia is limited. The TV market is dominated by the public TV station Croatian Radiotelevision (Hrvatska radiotelevizija, HRT) and two private broadcasters, Nova TV and RTL. Two companies and a single distribution network dominate the market for print media. Ivica Todorić, whose Agrokor group owns the distribution network, also controls most of the marketing agencies and thus most of the advertising budget in Croatia. Given the hands-on approach of many private media owners, these oligopolistic ownership structures have infringed upon the freedom of the media. The Kosor and the Milanović governments have done nothing to improve the regulation of the media market. Legal provisions aimed at limiting cross-ownership have not been enforced.

Access to  
Government  
Information  
Score: 6

The Right of Access to Information Act has been in place since 2003 and the legislative framework is relatively well established, particularly thanks to later amendments to the act. However, access to information is not really transparent yet, and some public institutions even fail to submit the required regular reports on the enforcement of the Act. These reports are coordinated by the Personal Data Protection Agency (AZOP). AZOP still does not have at its disposal all the mechanisms required for the implementation of requests made to public authority bodies. Moreover, AZOP is not authorized to test the public interest in the most important cases when data are classified. A long-standing proposal by NGOs to establish a commissioner for the right of access to information was eventually accepted by the Milanović government and the commissioner will be appointed in the second half of 2013.

## Civil Rights and Political Liberties

Civil Rights  
Score: 5

Civil rights are formally protected by the constitution and other laws. The Ombudsman and specialized ombudspersons play an important role in the protection of human rights. However, the Ombudsman's recommendations are not always followed up carefully. The government's judicial reform strategy



(2011 – 2015) has sought to increase the effectiveness of the judicial system. Nevertheless, the need to reduce the backlog of civil, commercial and enforcement cases is still pressing (European Commission 2013). Domestic war crimes prosecutions remain a weak point of the judicial system, which moves slowly and displays an institutional bias in favor of ethnic Croat suspects. In late October 2012 a problematic law was adopted to protect Croatian citizens from Serbian war crimes investigations. The rights of tenants of Serbian ethnicity who were expelled from the country in 1995 remain an open issue as the implementation of housing programs for returning refugees continues at a slow pace.

Citation:

European Commission, 2013: 2013: Monitoring Report on Croatia's accession preparations. 26.3.2013, [http://ec.europa.eu/commission\\_2010-2014/fule/docs/news/20130326\\_report\\_final.pdf](http://ec.europa.eu/commission_2010-2014/fule/docs/news/20130326_report_final.pdf)

Political Liberties  
Score: 7

In Croatia, political liberties are largely respected. There are laws that guarantee the freedom of assembly and the freedom of association. However, the Law on Public Assembly is more restrictive than in France or the United States, especially regarding the obligation to outline the purpose of the assembly and the limiting of spaces available for public assemblies (Gardašević 2011). In practice, legislation is sometimes implemented in a restrictive manner.

Citation:

Gardašević, Đorđe, 2011: Pravo na javno okupljanje u hrvatskom i komparativnom pravu, Zbornik radova Pravnog fakulteta u Splitu, 48 (3): 487-519.

Non-discrimination  
Score: 5

Although discrimination has been prohibited by several different legislative acts for some time, the new Anti-discrimination Act (ADA), which entered into force in 2009, was an important step. The new act prohibits discrimination in 10 areas of social life and distinguishes 17 different forms of discrimination. It has enabled new forms of redress in the courts in discrimination cases. The Ombudsman institutions have a large role in combating discrimination, and the Office of the Public Ombudsman has the role of a central anti-discrimination body under the ADA. However, although discrimination is prohibited by the law, the legislation is not fully implemented, and certain vulnerable groups still experience widespread discrimination. In particular, the Roma encounter discrimination in almost all areas of life and especially in education and employment. Also, although Croatia has a good legal framework governing minority rights, Croatian citizens of Serbian ethnicity continue to experience discrimination. According to the Ombudsman's office, the most frequent discrimination is based on ethnicity (31% of cases). It is followed by

discrimination based on gender, social status, origin and disability.

### Rule of Law

Legal Certainty  
Score: 5

The Croatian legal system puts heavy emphasis on the rule of law. In practice, however, legal certainty is often limited. As regulation is sometimes inconsistent and administrative bodies frequently lack the necessary legal expertise, executive ordinances do not always comply with the original legal mandate. As a result, citizens often lack confidence in administrative procedure and frequently perceive acts of administrative bodies as arbitrary.

Judicial Review  
Score: 5

The independence and quality of the judiciary were a major issue in the negotiations over EU accession. Reforms in early 2013 changed the process of appointing justices of the highest regular courts (Supreme Court, High Commercial Court, High Misdemeanor Court and High Administrative Courts) with a view to increasing judicial independence. Justices are now selected by an independent council (the State Judicial Council, or SJC) consisting of their judicial peers (nominated and elected in a process in which judges of all courts participate), two representatives of legal academia (elected within legal academia by their peers) and two members of the Sabor (elected by a parliamentary majority). The SJC has a mandate to elect judges on the basis of prescribed professional criteria and through a transparent procedure. Judges are appointed for life, and their appointment can be revoked only in extraordinary circumstances by the SJC. Despite these reforms, however, the system of administrative courts still shows significant signs of inefficiency. Because of the traditional formalistic understanding of their responsibilities, administrative courts tend to limit their decisions to a simple declaration of formal illegality of administrative acts while, at the same time, avoiding decisions that would resolve a dispute. Consequently, citizens are often referred back for a new decision to the same administrative bodies that violated their rights in the first place without any guarantees that the new decision will correct the original mistakes. As a result, administrative procedures frequently take an unreasonable length of time.

Appointment of  
Justices  
Score: 8

Constitutional Court Justices are appointed by the parliament or Sabor on the basis of a qualified majority (two thirds of all members of the Sabor). The eligibility criteria are prescribed by the Constitutional Law on the Constitutional Court. The criteria are rather general and represent a minimum that candidates need to fulfill in order to apply to the public call issued by the Sabor. Candidates are interviewed by the parliamentary committee suggesting the list of candidates to the plenary session. There is a noticeable lack of consistency in the interviewing process related to the absence of professional selection criteria used by the relevant committee. Constitutional Court Justices

Corruption  
Prevention  
Score: 4

are appointed to the Court for a period of eight years. Their mandate can be revoked by the Sabor only in extraordinary circumstances related to their involvement in criminal acts.

Corruption is one of the key issues facing the Croatian political system and ranked high on the agenda of the accession negotiations with the European Union. Upon coming to office in 2009, Prime Minister Kosor made the fight against corruption one of her priorities and succeeded in improving the legal framework and its enforcement. The Bureau for Combating Corruption and Organized Crime (Ured za suzbijanje korupcije i organiziranog kriminaliteta, USKOK), a specialized prosecution unit attached to the State Attorney's Office, has intensified its fight against corruption and has uncovered and investigated a number of high-level corruption cases (Kuris 2013). Charges of financial violations filed a month before the December 2011 parliamentary elections contributed to the defeat of the governing Croatian Democratic Union (Hrvatska demokratska zajednica, HDZ). In November 2012, Ivo Sanader, the Croatian prime minister from 2003 – 2009, was convicted after a two-year trial. USKOK's investigative activities have been complemented by preventive and educational activities by the Ministry of Justice's Independent Anti-Corruption Sector and an interministerial anti-corruption committee that was chaired by the prime minister until fall 2012.

Citation:

Kuris, Gabriel, 2013: Cleaning House: Croatia Mops Up High-Level Corruption, 2005 – 2012. Princeton University  
([http://www.princeton.edu/successfulsocieties/content/data/policy\\_note/PN\\_id226/Policy\\_Note\\_ID226.pdf](http://www.princeton.edu/successfulsocieties/content/data/policy_note/PN_id226/Policy_Note_ID226.pdf)).

# Governance

## I. Executive Capacity

### Strategic Capacity

Strategic Planning  
Score: 6

In Croatian public administration, the introduction of strategic management tools has just begun. (Miošić / Škrabalo 2013) At central government level, strategic planning over the last decade has been dominated by the goal of EU accession. Since 2009 all ministries have been obliged to prepare three-year strategic plans. Over the period 2006 – 2013 a Strategic Reference Framework (SRF) was the key document guiding economic policy, with key priority areas and instruments set out in regular Strategy of Government Programs (SGP). Croatia also adopted Pre-Accession Programs setting out measures for achieving the goals of the SRF and SGP. These documents and the administrative planning associated with them have been the basis of multi-annual programming for the IPA (Instrument for Pre-Accession) funds of the European Union. However, the quality of these plans has been relatively low. Despite the limited implementation of the strategic goals of the 2010 – 2012 SGP and the drastic changes in the overall financial and economic setup, the strategic priorities in the 2013 – 2015 SGP are almost identical to the priorities in the previous program. Only two out of 12 priorities have differed: one related to enhancing tourism competitiveness and the other to public and state security.

Citation:

Miošić, N., Škrabalo, M. 2013: Pretpostavka uspješne provedbe reforme državne uprave u Hrvatskoj. Analiza stajališta ključnih dionika reforme, GONG Istraživački centar, Zagreb

Scholarly Advice  
Score: 4

The 2009 Societal Consultation Codex – guidelines for the policymaking process – also mentions the consultation of academic experts. In practice, however, the involvement of academic experts in the policymaking process remains rare. Moreover, it is largely limited to the early phases of policy formulation and does not extend to the final drafting of legislation, let alone the

monitoring of implementation. From a comparative perspective, the Kosor government has relied more strongly on the expertise of leading Croatian macroeconomists than the Milanović government.

### Interministerial Coordination

GO Expertise  
Score: 2

In Croatia, the Prime Minister's Office lacks a central policy unit able to evaluate and coordinate the activities of the line ministries. Its sectoral policy expertise is thus limited.

GO Gatekeeping  
Score: 5

The Prime Minister's Office (PMO) has the political authority to return policy proposals it receives from relevant ministries. Whereas Prime Minister Kosor stuck to the monocratic style of her predecessor Ivo Sanader and made heavy use of this authority, the PMO played only a subordinate role in interministerial coordination under the Milanović government. The gatekeeping role of the PMO is limited by its weak sectoral policy expertise.

Line Ministries  
Score: 4

Line ministries consult with the government's Legislation Office, but this consultation is mostly formal, focusing on technical and drafting issues. Ministries normally enjoy huge leeway in transforming government priorities into legislation, and there is no stable and transparent arbitration scheme that would give the Prime Minister's Office a formal role in settling interministerial differences.

Cabinet Committees  
Score: 6

The Rules of Procedure of the Croatian government provide for different kinds of cabinet committees and assign a major role in policy coordination to them. The prime minister and the vice prime ministers form the core Cabinet (Uzi cabinet vlade). In addition, there are various permanent and non-permanent Cabinet committees covering particular issues. As there is little ex ante coordination among ministries, controversies are often pushed upwards, so that Cabinet committees play an important role in reconciling conflicts within the Cabinet. However, the quality of coordination suffers from the fact that Cabinet committees are absorbed by disputes and matters of detail.

Ministerial  
Bureaucracy  
Score: 4

The direct coordination of policy proposals by ministries is limited. There is no stable and transparent scheme of settling interministerial differences within the bureaucracy. The ministries in charge of drafting a proposal rarely set up working groups including peers from other ministries or government bodies. Deadlines for comments by other ministries are often too short, capacities for comments are sometimes inadequate and comments made by other ministries are often not taken seriously.

Informal  
Coordination  
Score: 4

Informal coordination has featured prominently under both the Kosor and the Milanović governments. In case of the Kosor government, Prime Minister Kosor regularly met the leaders of her coalition partners, the Croatian Peasant

Party (Hrvatska seljačka stranka, HSS) and the Serbian Independent Democratic Party (Samostalna demokratska srpska stranka, SDSS). In the case of the Milanović government, meetings are mostly held by Social Democratic Party (Socijaldemokratska partija Hrvatske, SDP) and Croatian People's Party – Liberal Democrats (Hrvatska narodna stranka – liberalni demokrati, HNS) leaders, while the other coalition partners –Istrian Democratic Assembly (Istarski demokratski sabor, IDS) and the Croatian Party of Pensioners (Hrvatska stranka umirovljenika, HSU) – stand aside. A strong reliance on these informal coordination mechanisms has helped to maintain the tradition of keeping strategic decisions and policy coordination largely within political parties and has prevented the development of more formal and transparent mechanisms of policy coordination and a strengthening of the role of public administration.

### Evidence-based Instruments

RIA Application  
Score: 6

The EU accession process has accelerated the development of RIA in Croatia. In July 2011, the Kosor government adopted an RIA bill and re-established the Government Office for Coordination of the Regulatory Impact Assessment System that had been abolished in July 2009 as a reaction to populist critique. In accordance with the RIA Action Plan for 2013 – 2015, the office became a department of the government's Legislation Office and RIA implementation coordinators were appointed in all ministries. All government bodies had to prepare annual regulatory plans in late 2012 specifying which of the planned regulations should undergo an RIA. Almost all ministries (with the exception of the Ministry of Foreign and European Affairs) posted their annual regulatory plans on their websites. It was announced that 39% of all bills would undergo the planned impact assessment.

Quality of RIA  
Process  
Score: 4

In 2011 and 2012, the government's Legislation Office created a new legislative framework for RIA. It also developed the administrative capacities for implementing RIA procedures and established stable partnerships with representatives of the business community (Croatian Chamber of Commerce, Croatian Employers Association, Croatian Chamber of Crafts, Croatian Banking Association), some civil society organizations (Croatian Law Center, Croatian Youth Network, Forum for Quality Foster Care, Croatian Business Council for Sustainable Development) and unions (Trade Union of Textile, Footwear, Leather and Rubber Industry). However, one weakness of the RIA process in Croatia is the low level of inclusion of the public in the process and the difficulty of exerting influence on regulator plans. The RIA Act stipulates that the proposed regulatory plan be posted on the official website for not less than 15 days. However, most ministries confine themselves to informing the

Sustainability  
Check  
Score: 4

public. In contrast, less than a third of all ministries have enabled the public to leave comments on the plans they had proposed. Such a feedback option is particularly important in cases in which regulation has not been included in the impact assessment process. Ministries are also eager to keep control over the selection of external collaborators. For this and other reasons, the participation of stakeholders is often symbolic.

Croatia adopted a sustainability strategy in 2009. However, neither this strategy nor the RIA Strategy or the RIA Action Plan for 2013 – 2015 provide for comprehensive sustainability checks. RIA is supposed to consider a broad range of impacts, including fiscal, economic, social and environmental, but the actual quality of assessments is low. There is no systematic differentiation between the short-, mid- and long-term.

### Societal Consultation

Negotiating Public  
Support  
Score: 4

The consultation of societal actors has been governed by the 2009 Societal Consultation Codex. In practice, consultation has been limited. Governments have been especially receptive to the arguments of business associations and private banks. In contrast, they have largely failed to achieve acceptance with NGOs, professional associations and trade unions.

### Policy Communication

Coherent  
Communication  
Score: 4

Reflecting the strong overall position and the monocratic style of Prime Minister Kosor, the Kosor government was characterized by a relatively high level of coherence in communication. Under the Milanović government, contradictory statements by different ministries have increased, and the government has done little to streamline its communication policy.

### Implementation

Government  
Efficiency  
Score: 5

The Kosor and Milanović governments alike have failed to set clear and measurable goals and have been ineffective in reaching most of the policy goals formulated in their own strategies, programs and multi-year frameworks. However, the Kosor government, with some help from the European Union, succeeded in completing EU accession, which might be seen as its overarching policy goal. The Milanović government has not succeeded in addressing Croatia's economic problems.

Ministerial  
Compliance  
Score: 5

The Kosor and the Milanović governments have differed strongly with regard to ministerial compliance. Prime Minister Kosor continued a style that was

Monitoring  
Ministries  
Score: 4

established by her predecessor, Ivo Sanader, by trying to centralize control over personnel, policies and structures and to intervene in decisions made by ministers. Prime Minister Milanović has been much less effective in ensuring ministerial compliance. He has failed to bring his ministers into line and some of them have been able to follow their own agenda. As a result, the government's activities have sometimes been incoherent or even contradictory.

The Secretariat General of the Government is just one of three central government organizations involved in monitoring the activities of line ministries. The other two are the Central Office of Development Strategy and Coordination of EU Funds (CODEF), which focuses on economic policy, and the Ministry of Finance. In this triangle, the Ministry of Finance has a dominant position, as the 2010 Fiscal Responsibility Act has given it far-reaching powers to monitor the activities of any budget organization. The restrictive remit of the Secretariat General of the Government constitutes a major capacity gap. The weak monitoring of the line ministries' implementation activities can also be seen by the fact that in 2012 just 54% of line ministries and other government offices submitted at least one report related to implementation of a policy, program and law to the government, and only 15% have submitted an annual report.

Monitoring  
Agencies,  
Bureaucracies  
Score: 4

Croatia has about 75 executive agencies of which six are regulatory agencies. The tasks of these agencies are determined by law. The two most important monitoring instruments are certain reporting requirements and the representation of ministers or senior civil servants in the agencies' managements boards. Reports are not based on redefined performance indicators, but are more a loose and often self-congratulatory review of agencies' activities in the past year. They are seldom discussed after publication. As a result, the agencies enjoy a relatively large amount of discretion and face primarily political constraints. The Milanović government has started an evaluation of agencies with the aim of establishing new monitoring and coordination mechanisms.

Task Funding  
Score: 4

In Croatia, the division of competencies between central and subnational governments has been relatively stable. By far the most important revenue source of subnational governments is the personal income tax, which on average accounts for some 55% of all revenues of local and regional units. The remaining taxes account for only around 6% of the total revenue, the most important of them being property tax (approximately 4%). The second most important source of revenue are various types of administrative fees (user charges being the most significant among them as they make up approximately 18% of total subnational revenues). Grants from the central government (often administered via counties) and various assistance funds from abroad rank third.



Constitutional  
Discretion  
Score: 4

Finally, about 7% of the revenues of subnational governments come from the various types of property they own (business premises, apartments). The main problem with the financing of subnational governments has been strong regional and local differences. A substantial number of municipalities and towns, most of them in rural areas, suffer from markedly low financial capacities, thus facing severe difficulties in providing public services.

In Croatia, the autonomy of local and regional self-government units is substantially limited. In violation of the European Charter on Local Self-Government, local units are usually not allowed to regulate and expand their autonomous scope of activities on their own. In the case of activities devolved to local self-government units from the central government, there is a central government body giving instructions to county prefects and mayors. The Ministry of Administration can dissolve representative bodies of local or regional self-government units if they violate the constitution or laws. The Milanović government established an Advisory Council for Decentralization, headed by Deputy Prime Minister Neven Mimica, in February 2012, but that body hasn't come up with any kind of coherent policy proposal yet.

National Standards  
Score: 2

There are no national standards for public services in Croatia. Modern systems for the improvement of service quality such as ISO, EFQM or similar public management standards are not implemented in the Croatian public sector. Moreover, the productivity, efficiency and quality of local self-government units are not systematically measured, and the existing monitoring of local government budgets covers only the economic purposes of local government spending and not its outcomes. There is not even a catalogue of services that local and regional self-government units (municipalities, towns, counties) should provide to the local community. The absence of clear national standards is particularly visible in the field of social policy. Here, the implementation of central government regulation has differed strongly among municipalities. Some of the latter have even ignored legal requirements such as the provision in the Act on Social Welfare that municipalities should use 5% of their budgets for housing allowances for socially marginalized groups.

### **Adaptability**

Domestic  
Adaptability  
Score: 7

Croatia's accession to the European Union and NATO have been accompanied by substantial changes in domestic government structures which range from the reintroduction of RIA to the passage of the Societal Consultation Codex and the strengthening of capacities for policy coordination. As a result, the style and process of policymaking have changed. It remains to be seen, however, whether or not these changes will be sustained and survive accession. For instance, the shifting of the responsibility for EU coordination to the Ministry

International  
Coordination  
Score: 5

of Foreign Affairs after accession has raised concerns that the quality of EU coordination might decline.

Croatia has supported major global reform initiatives, especially in environmental affairs. However, neither the Kosor nor the Milanović government have paid special attention to improving the country's capacity to engage in global affairs or to assessing the global repercussions of national policies. President Josipović has been very active in improving cooperation with the other successor states of the former Yugoslavia.

### Organizational Reform

Self-monitoring  
Score: 4

There is no regular self-monitoring of the institutional arrangements of Croatian governments. Public organizations are supposed to prepare annual reports, but often fail to do so and do not use these reports to examine deficiencies.

Institutional Reform  
Score: 6

Institutional reform has taken place in accordance with the rhythm of parliamentary elections, and developments have been largely confined to the merging or separation of individual ministries. The Ministry of Administration has succeeded in rationalizing its agencies.

## II. Executive Accountability

### Citizens' Participatory Competence

Policy Knowledge  
Score: 4

In Croatia, citizens' policy knowledge has been limited. For one thing, the political interest of most citizens itself is limited. For another, the media situation makes it difficult to get detailed information on specific government policies.

### Legislative Actors' Resources

Parliamentary  
Resources  
Score: 6

The resources upon which the members of the Croatian parliament or Sabor can rely are limited.

Parliamentary committees are supported by some parliamentary staff. The Sabor has an Information and Documentation Department that keeps track of the Sabor's legislative activity and responds to queries for information from MPs and parliamentary staff about bills in progress and transcripts of plenary sessions. There is also a parliamentary library with various collections in the

fields of law, politics, history, economics and sociology. However, the support staff for individual MPs is relatively small, as the budget of the Sabor allows for a secretary for every parliamentary group and one additional advisor for every 15 group members. Moreover, the Sabor does not have an office for policy analysis, and the staff of the Sabor is characterized by formal-legalistic thinking.

Obtaining  
Documents  
Score: 7

According to Article 115 of the Standing Order of the Croatian Parliament or Sabor, any working bodies of the Sabor may “seek a report and data from Ministers of State or officials who administer the operations of other state administrative bodies,” and ministers are obliged “to report on issues and affairs within the authority of the Ministries or other state administrative bodies, to submit a report on the execution and implementation of laws and other regulations and the tasks entrusted to them, to submit data at their disposal, or data they are obliged to collect and record within the scope of their duties, as well as records and other documents necessary to the work of Parliament or its working body, to respond to posed questions.” However, these rights are seldom used de facto. The most commonly used supervisory mechanism are oral or written questions to the government. In 2012 for example, members of parliament posed 1,006 written and 135 oral questions to the prime minister or to individual ministers. On average, the ministries respect the legal deadline and reply within 30 days.

Summoning  
Ministers  
Score: 6  
Summoning Experts  
Score: 10

Parliamentary committees can summon ministers for hearings, but rarely do so. In 2012, for instance, the right was not used at all.

Croatia is one of the rare countries where experts can be named as outside members of parliamentary committees, and this has become a regular practice. The Committee for International Relations, the Committee for European Integration and the Committee for Internal Affairs and national security are the only exceptions from this rule. Some civil society actors, such as Citizens Organize to Oversee Voting (Građani organizirano nadgledaju glasanje, GONG), insist on open access for experts to all committees through a transparent summoning process.

Task Area  
Congruence  
Score: 8

In the current parliament or Sabor there are 28 general committees and two special committees – one for the fight against corruption, the other in charge of overseeing security services. Accounting for committees established for dealing with internal parliamentary affairs such as the Credentials and Privileges Committee, the Interparliamentary Cooperation Committee or the Petitions and Appeals Committee, the task areas of the parliamentary committees largely match those of the 22 ministries.

Audit Office  
Score: 9

The Auditor General is elected by the parliament or Sabor for an eight year mandate and can be removed by the Sabor only if he or she is unable to

Ombuds Office  
Score: 6

conduct his or her work or is convicted for a criminal act. The Audit Office reports to the Sabor at the end of every fiscal year. It undertakes a broad range of audits and acts independently.

The institution of the People's Ombudsman was introduced with a special constitutional law in 1992, and the first ombudsman started his mandate in 1994. According to Article 2 of The Ombudsman's Act, the Ombudsman is "a commissioner of the Croatian Parliament for the promotion and protection of human rights and freedoms laid down in the Constitution, laws and international legal acts on human rights and freedoms accepted by the Republic of Croatia." He is appointed by the Croatian parliament or Sabor for a term of eight years with the possibility for reappointment. In practice, most government institutions do not react promptly to the Ombudsman's requests, so that over 70% of them are pending.

### Media

Media Reporting  
Score: 5

As a result of the rise of media conglomerates and the dominance of foreign ownership, Croatian media are highly commercialized. Both in electronic and print media, entertainment genres prevail. Croatia lacks a great, serious daily newspaper comparable with Delo in Slovenia or Politika in Serbia.

### Parties and Interest Associations

Intra-party  
Democracy  
Score: 4

Croatian parties are characterized by a rigid structure. Intra-party democracy is generally low, as participation of members is limited and selection procedures and debates are largely controlled by party leadership (Čular 2005). In the HDZ (Croatian Democratic Union), no elections take place, and even the vice president is excluded from decision-making because he does not belong to the dominant clique within the party. The SDP (Social Democratic Party) is more open. Party members had the chance to vote on the party leadership in 2013. However, Zoran Milanović was the only candidate on the list. Moreover, the SDP does not tolerate the existence of open political factions. In 2013, Aleksandra Kolaric, a prominent critic of Milanović, was expelled from the party.

Citation:

Čular, Goran (2005) Organizational Development of Parties and Internal Party Democracy in Croatia, Croatian Political Science Review, 41(5):28-51.

Association  
Competence  
(Business)

Trade unions have traditionally played a significant role in Croatia. Union membership is relatively high and unions have been quite powerful in

Score: 3

organizing protest against the government's austerity measures. Like other economic interest associations such as the Croatian Employers' Association, however, the unions have focused on opposing government proposals and have lacked the will – and the capacity – to develop their own proposals. In 2012, for instance, economic interest associations did not launch a single positive policy initiative.

Association  
Competence  
(Others)  
Score: 6

Many social interest organizations in Croatia have the capacity to propose relevant policy proposals. For instance, experts from Citizens Organize to Oversee Voting (Građani organizirano nadgledaju glasanje, GONG), an association of various organizations for the protection and promotion of human rights originally formed in 1997. GONG has taken part in the drafting of various laws on lobbying and elections. Another example of a social interest organization with a strong analytical capacity, as well a capacity to promote its issues in the media, is Green Action (Zelena Akcija).

This country report is part of the Sustainable Governance Indicators 2014 project.

© 2014 Bertelsmann Stiftung

Contact:

Bertelsmann Stiftung  
Carl-Bertelsmann-Straße 256  
33311 Gütersloh

Dr. Daniel Schraad-Tischler  
[daniel.schraad-tischler@bertelsmann-stiftung.de](mailto:daniel.schraad-tischler@bertelsmann-stiftung.de)

Najim Azahaf  
[najim.azahaf@bertelsmann-stiftung.de](mailto:najim.azahaf@bertelsmann-stiftung.de)