

Main Corruption Challenges in Croatia

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Corruption Environment in Croatia

- Success story in tackling corruption?
- Prosecution of high-level cases:
 - *Ivo Sanader*: war profiteering in Hypo case & receiving bribes in INA-MOL case/ 8,5 years imprisonment/ damage done to the state budget estimates in hundreds of millions of euros
 - *Berislav Rončević*: mismanaging state funds and abuse of power in the case Trucks/ acquitted/ 1.335.000 EUR
 - *Damir Polančec*: abuse of office and state funds - expert study/ 10 months of imprisonment/ 67.000 EUR
 - *Petar Čobanković*: abuse of power in the Planinska case/ pled guilty, 730 hours of community service/ 3.5 milion euros

Main Issues in 2014

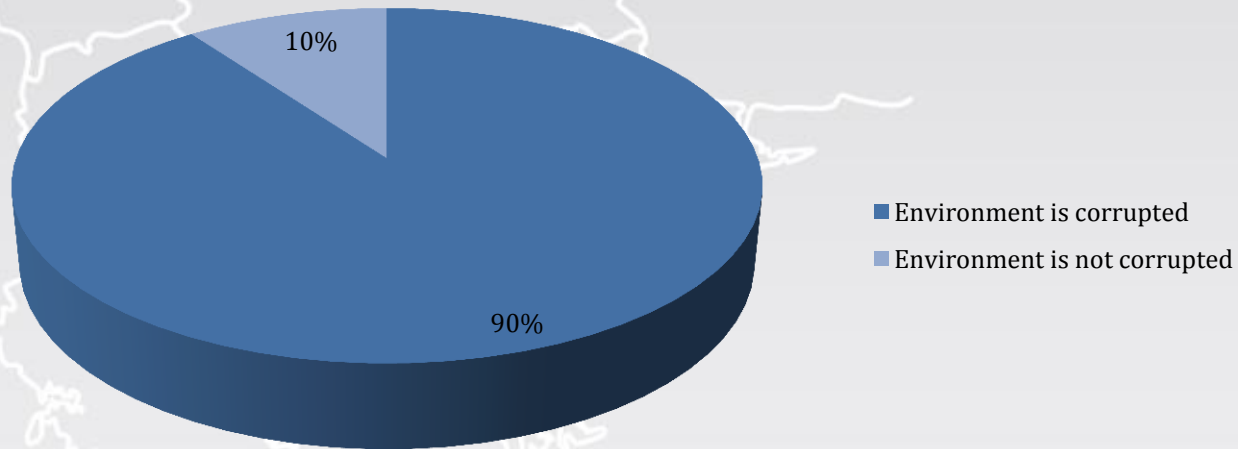
Category/ Year	2014
Unemployment	83,02%
Corruption	50,45%
Poverty	39,36%
Low salaries	32,97%
Crime	21,78%
High prices	21,48%
Political instability	20,08%
Healthcare	7,79%
Education	3,10%
Ethical problems	2,80%
Environmental pollution	2,80%

Note: Total percentage exceed a 100, as respondents gave more than one answer.

Source: SELDI Corruption Monitoring System, 2014.

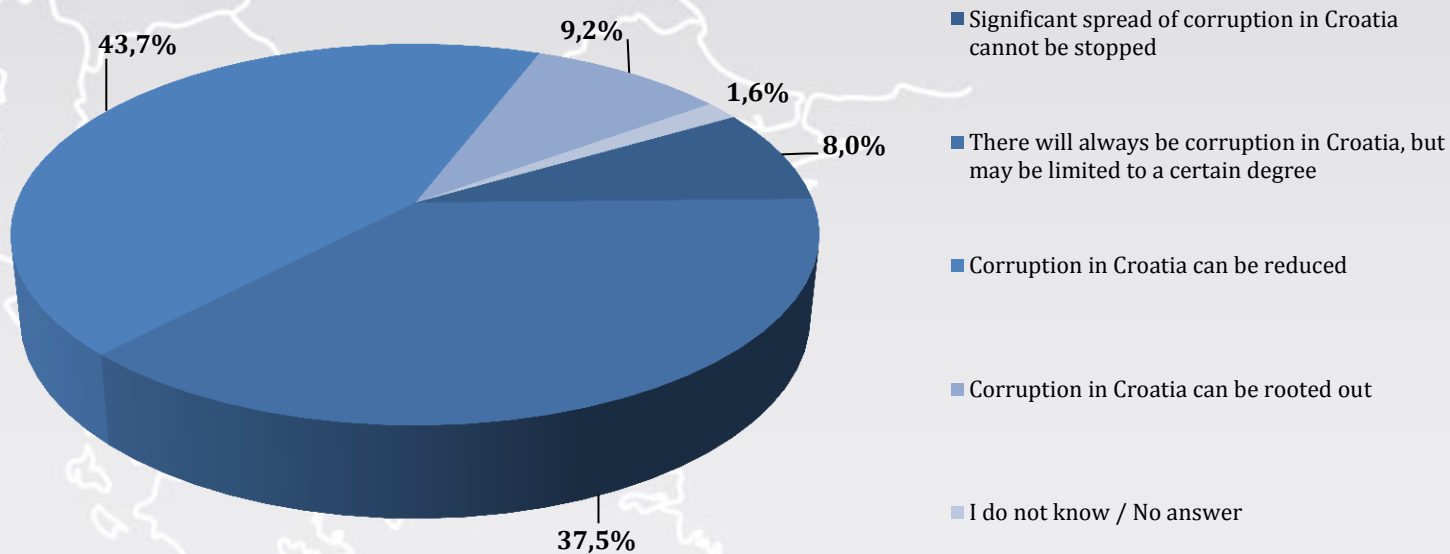
Level of corruptness of the environment

- Identical results as in the 2002 study:



Source: SELDI Corruption Monitoring System, 2014.

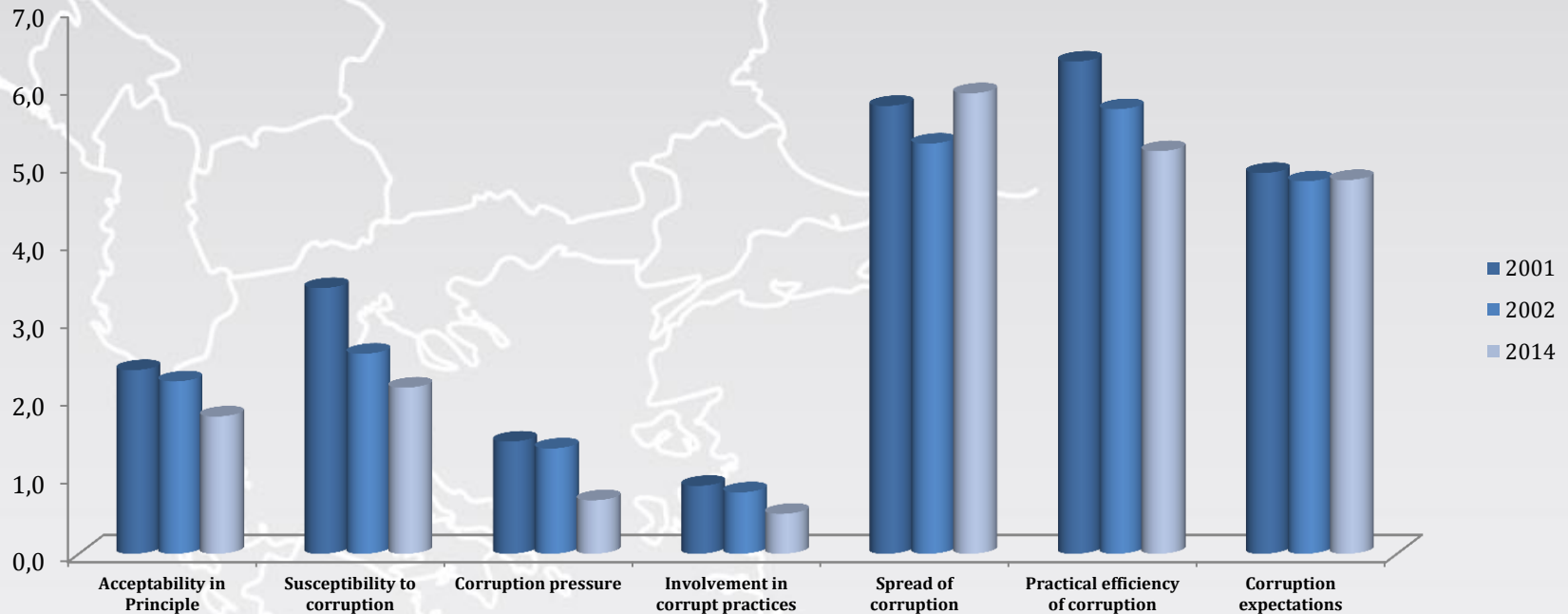
Citizen's expectations on the capacity of the public institutions to handle corruption:



Source: SELDI Corruption Monitoring System, 2014.

Corruption Indexes

2001, 2002 to 2014 Comparison

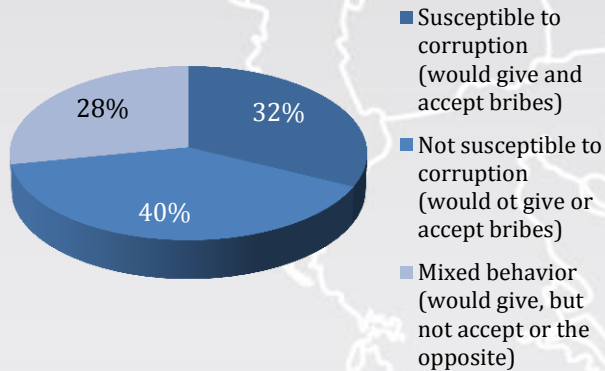


Note: Corruption indexes are calculated as an average of certain variables and can assume a value from 0-10. The closer to 10 the values of the index, the more negative are the assessments of the respective aspect of corruption.

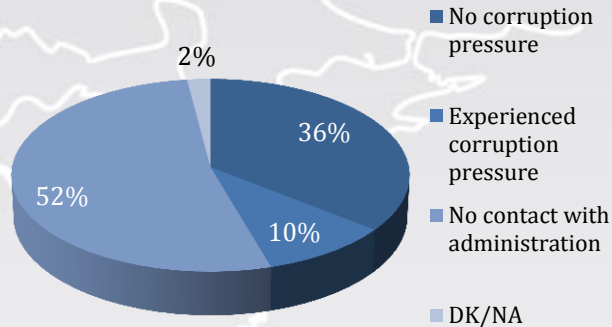
Source: SELDI Corruption Monitoring System, 2014.

Attitudes towards corruption

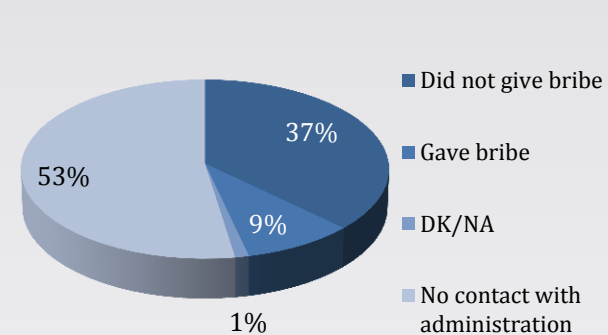
Susceptibility to corruption



Experience with corruption pressure



Involvement in corruption



Source: SELDI Corruption Monitoring System, 2014.

Anticorruption Policies and Regulatory Environment

Anti-Corruption Action Plan (2012)

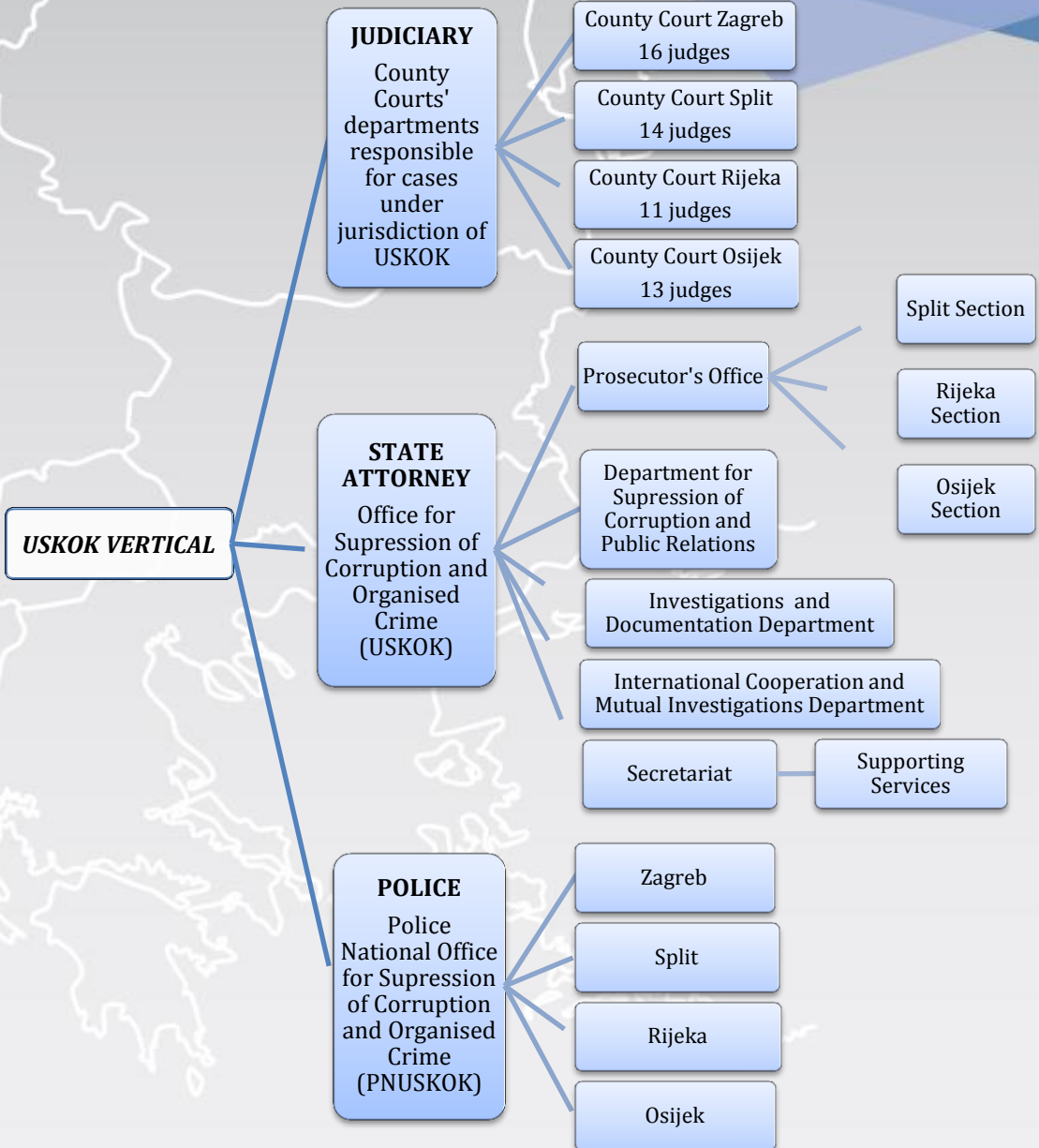
The substance of the action plan does not match the needs of the society:

- A) Chapter on Protection of the Victims and the Persons who Report Corruption in Good Faith is omitted from the Action Plan
- B) “recognition of the associations of the fruit and vegetables producers”?!
- C) measures in “suppression of the conflict of interest” are envisaging education of the public servants and local authorities about the existing law instead of reforming the law in order to tackle the issue of the conflict of interest instead of property.
- D) measures are focused on citizens rather than authorities (e.g. tax fraud measures stated in the Anti-Corruption Action plan that are stressed as a major anti-corruption measure).

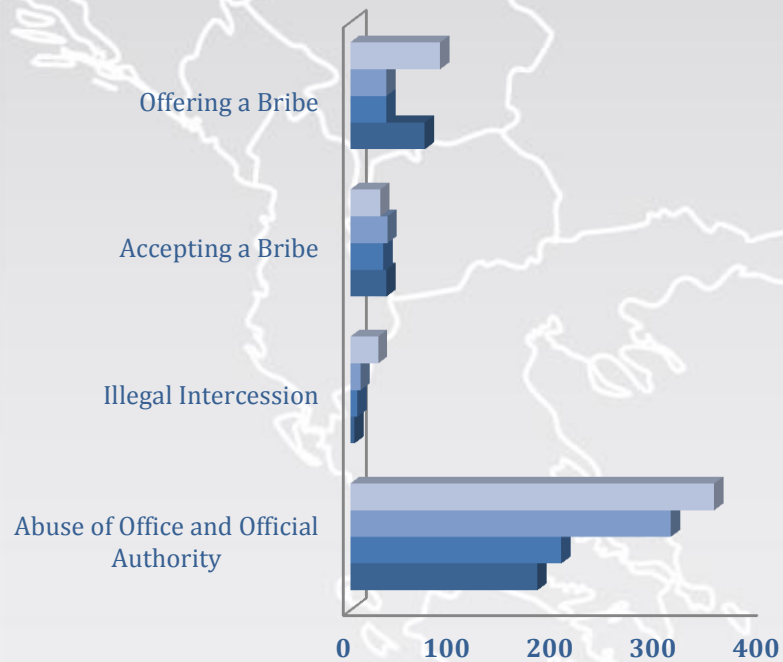
Anticorruption Policies and Regulatory Environment II

Conflict of Interest Prevention Act

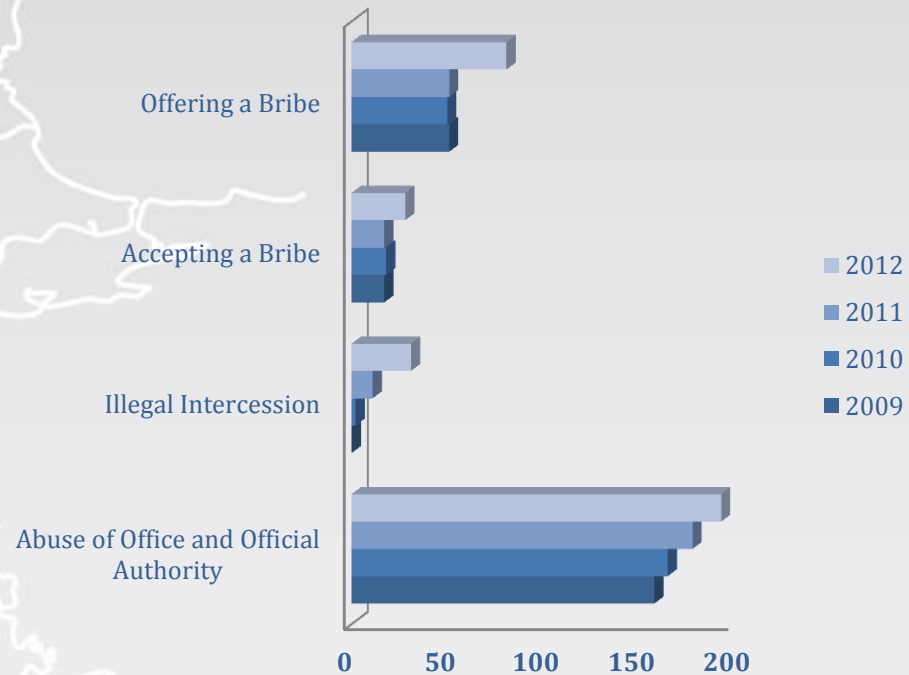
- A) Instruments for declaration and monitoring of the actual interests of the officials are insufficient and weak with no public control or public participation in the process
- B) Sanctions for Conflict of Interest are minor, limited to financial fines and reprimand, or “publishing of the Commission’s Decision”, and they do not represent any serious obstacle to the conflict of interest
- C) Difference between the Incompatibilities and the Conflict of Interest is not clear



Accused adults 2009- 2012



Convinced adults 2009- 2012



Source: Croatian Bureau of Statistics.

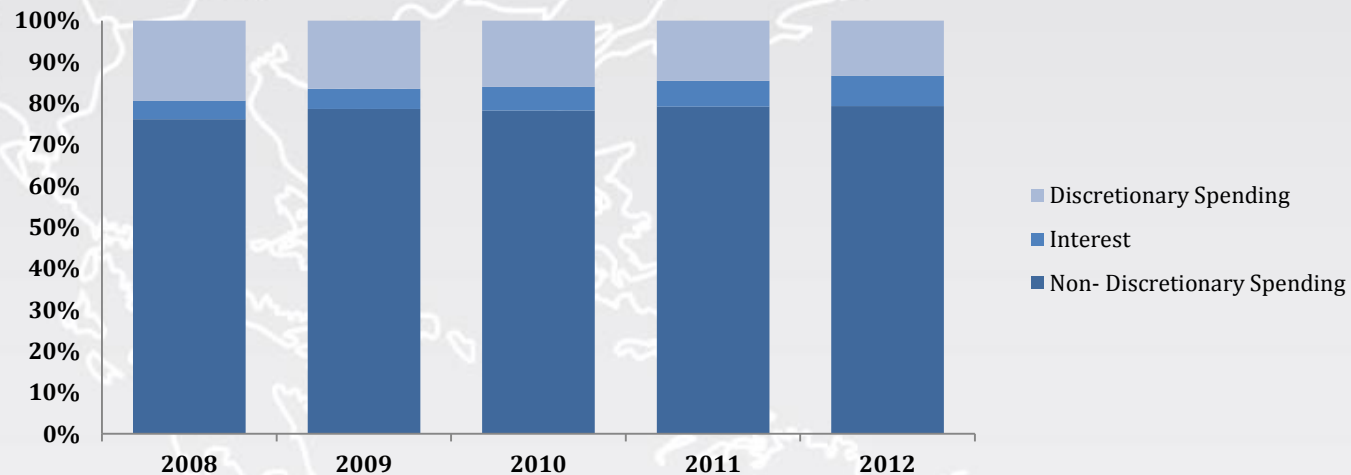
The Judiciary in Anticorruption

→ Cases: Vesna Žužić & Branko Hrvatin illustrate how little the conflict of interest is understood by the system that should prevent it or suppress it and how it is easy to avoid any kind of sanctions even in cases that are representing conflict of interest situations with no doubt.

Corruption and the Economy

- Criteria for awarding and monitoring of certain programs, grants and support have not been established.

Government budget spending- share of discretionary vs. non-discretionary spending (Fiscal Years 2008- 2012)



Source: Ministry of Finance, author's own computation

Civil Society in Anticorruption

- NGOs as “badges” of the government
- Clientelism in distribution of resources

International Cooperation

- EU assistance in the field of anticorruption

Country	Total EU pre-accession assistance envelope	Funds invested in judiciary reform	%	Funds invested in the fight against corruption	%
Croatia	998.000.000,00	28.124.764,60	2,82%	9.552.355,11	0,96%

- Foreign assistance in the field of anticorruption:
 - a) Since 1993, World Bank provided financing for 47 projects in the amount of \$3.3 billion
 - b) Since 1992, USAID provided state financial aid and reorganization of \$ 320 million

Policy Recommendations

- Protection of the victims and the persons who report corruption in good faith shall be ensured.
- Thorough assessment of Conflict of Interest Prevention Act is needed with special focus on proper sanctioning of such misbehaviour (eg. fines in proportion to the obtained benefits).
- To ensure transparency and accuracy of data through easily accessible and fully searchable databases.
- Quality and availability of the official data and statistics, specifically as regards the enforcement of anticorruption legislation needs to be enhanced.
- A barrier that is created in accessing the Asset Declarations of judges and prosecutors (written request for each Declaration) needs to be removed.
- Accurate and relevant data to analyze and monitor performance of the Judicial and Prosecutorial Council's needs to be provided to the general public in easy accessible and systematic manner.
- Timely and credible information on government liabilities
- Horizontal cooperation between the institutions in data management is needed
- To ensure that irregularities noticed by the State Audit are accompanied with proper sanctions.

Thank you !

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