



**The absolute worst: how Croatia managed the European Social Fund
in the fight against corruption**

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Introduction

The funding of civil society in the 2014-2020 financial perspective through the European Social Fund (hereinafter: ESF), especially the funding of the inclusion of civil society in good governance process, has so far been labelled as an “example of bad practice” in Croatia. This hereby presents the most important conclusion of the [analytical review](#) published by Gong in June 2022. The analysis deals with the ways in which Croatia used the ESF to fight corruption. The readers will therefore be able to discover why the funding of anti-corruption projects could be qualified as “the absolute worst” of what the ESF had to offer in Croatia within the aforementioned financial perspective.

The Good Governance component (or Priority axis 4 to be more exact) was the one that fared the worst in the overall implementation quality of the [“Efficient Human Resources” Operational Programme for 2014-2020 period](#) (hereinafter, Operational Programme): a document that channelled all the ESF investments in Croatia. We will therefore illustrate further on that it was the fight against corruption that was the intervention area in which the least was done within this (again, the least successful!) priority axis.

What is especially problematic here is the fact that according to the World Bank indicators, Croatia is lagging (dramatically!) in corruption control capacities not only behind [OECD members](#), but behind the combined average of countries of Europe and Central Asia (which we look at in more details in the rest of the text).

The analysis is again based on the findings of a high-quality [external evaluation](#) of the aforementioned priority axis.

What was planned?

To recap: Priority axis 4 within the Operational Programme included three specific goals: the first was the reform of public administration and improvement of public services, the second the reform of the justice system, and the third was aimed towards the strengthening of the civil society capacities for good governance inclusive also of social partners (namely, the unions and employers’ associations).

The widespread corruption in Croatia was recognised as a relevant problem in several analyses that included the first and third goal (public administration and public services; civil society) and series of activities were therefore foreseen aimed at resolving the problem. The authors of the evaluation study thus concluded there were initially 11 results foreseen in relation to the first goal of public administration reform and public services improvement. Out of these 11, only two can be directly linked to the fight against corruption. These are the following:

- Higher level of integrity, responsibility, and public administration transparency
- Better equipped mechanisms for fight against corruption within the public administration.

It is clear from this that the first goal does not link directly to the fight against corruption, i.e., achieving this goal should contribute to creating an environment in which corruption is less likely to happen. The second goal though is more explicitly related to the fight against corruption.

The third specific goal aims at strengthening capacities of CSOs and social partners for good governance, and cites one result as related to the fight against corruption:

- Fight against corruption and conflict of interest.

Now, it is important to highlight here that all three results lack clarity and precision, especially the third one that even lacks a clear formulation of the desired direction an action and change should take (e.g., empowered, improved, encouraged...fight against corruption). Such imprecision poses an issue when attempting to define indicators that are to measure/determine the level of the achievement of an individual result. On the level of the Operational programme, the issue has been solved quite easily: the success indicators relating to the fight against corruption were simply not included in the document (which in itself is a good indicator of the perception of its relevance).

What was done?

Public administration and public services

By analysing the contents relating to the specific goal of public administration reform and public services improvement, the authors of the evaluation study highlighted three categories of activities supposedly aimed at the fight against corruption:

- Strengthening of anti-corruption mechanisms in public administration bodies
- Training on methodology, Integrity and Ethics Code, and efficiency of public officials on all levels
- Building standards of ethical conduct in civil service.

How this manifested in practice? Perhaps it is best we here cite the conclusion of the authors of the evaluation study:

“From the conducted analysis, **except in the case of the anti-corruption results** (additional mention: Gong), the remaining ten expected results in public administration were covered by interventions which with their thematic focus in various ways touched upon the expected results, though by the end of 2020, only five projects were completed.”

So, let us highlight the two key information from this statement. By the end of 2020, **a total of 5 (five) projects** concerning the specific goal of public administration reform and public services improvement **were realised**. These five projects contributed, through one way or the other, to the accomplishment of 10 out of 11 foreseen results. **The only** exception being the result pertaining to the fight against corruption.

Such devastating outcome is only partly mitigated by the fact that there have been certain accomplishments which can be traced back to the similar result pertaining to integrity, transparency, and responsibility of the public administration. However, these accomplishments are far from being impressive, as the following quote reads:

“Anti-corruption activities in projects financed by the ESF were reduced to increasing the visibility of transparency in the work of the public administration, and apart from the

Information Commissioner project, that was either a smaller part or a consequence of the implementation of other project activities pertaining to the digitalisation of services. Projects that would have been able to ensure increased integrity and application of ethical principles and anti-corruption mechanisms in public administration bodies have been left out. “

The conclusion is that the ESF 2014 – 2020 programme was not used for serious implementation of anti-corruption measures within the public administration, and that the accomplishments in this area (if you can call them that) are mainly of cosmetic nature not directly concerned with the fight against corruption, but more with creating a favourable environment for its prevention and reduction. Creating such an environment is a crucial step in fighting corruption...but only when the fight is real.

Civil society

When evaluating the specific goal of strengthening the civil society capacities, the authors of the study concluded that the anti-corruption component should have been realised through “thematic networking of fight against corruption and conflict of interest on various levels of public administration”. The public call for tenders with which [the bodies of Management and Control System](#) (hereinafter referred to as MCS) tried to implement this category of activities, can surely be labelled as “the absolute worst” in the context of the ESF implementation in Croatia so far.

The call for proposals published under the title “Cooperation of CSOs and local government in the implementation and prevention of corruption and conflict of interest in local policies” included three other public calls that should have been published separately. The call for strengthening of CSOs capacities to fight corruption and prevent conflict of interest was supposed to be published independently but finally covered the content of two other calls. Namely, the first was aimed at strengthening the role of civil society organisations (hereinafter referred to as CSOs) in participative budgeting, and the other at strengthening CSOs capacities for monitoring public tender processes on a local level.

Considering Croatian standards of time management in ESF implementation, this call for proposal was **prepared relatively quickly**. It only took a little over a year to move from the operation summary, prepared by the Government Office for Cooperation with NGOs (hereinafter: UZUVRH) to publishing the tender. Considering how some operation summaries for tenders were being prepared already at the beginning of 2016, and never saw the light of day, this can be called a good “ball-in-play time”. Nevertheless, the issues appeared almost immediately. The core problem was superbly defined in the below statement by the Intermediary body, i.e., UZUVRH:

“Once you start reading it (**tender documentation, explanation by Gong**) you realise it does not make any sense at all. It’s filled with contradictions and errors. The tender conditions, for example, whereby the organisation is to form a partnership with the representatives of local government, while working under an aim to investigate corruption on that same local level. The logic often seems flawed. At the first informative workshop, representatives of CSOs came to inform us they will not be applying to the tender as what we were asking was completely absurd. It seemed like there were obstacles put in intentionally just to prevent the achievement of intended goals. The reason why we have no applicants is a no-brainer. The argument should not be that the topic was missed, but that the tender was poorly written.”

For many advocacy oriented CSOs, the first obstacle was already insurmountable. This was the obligation for the project to be implemented in a **formal partnership with units of local (regional) self-government**. [Gong-issued a reaction](#) at the time titled: “How to fight corruption with Bandić?” (the then mayor of Zagreb) which gives a fairly accurate account of the atmosphere on the ‘civil scene’ at the time. The evaluators noted that after the call had been published, there was an influx of unusually high number of questions and comments to the call documentation and guide for applicants resulting in a 44-page long Q&A summary [document](#). Just a glance at this extensive document points to some of the key “errors and contradictions” referred to by the UZUVRH representative in the previous quote.

The observed issues with the partnership structure are not confined only to the obligation of including units of local (regional) self-government (hereinafter LRSG) whose services are to be improved through one of the goals. A civil society organisation was able to apply for a project **only in a partnership with the LRSG from the region where the CSO was officially registered**, whereby completely ignoring the fact that very often the best anti-corruption projects were implemented by the organisations not under the direct influence or pressure of (potentially) corrupted local government. This is furthermore highlighted in the [Gong publication “Our captured communities”](#) emerging from the analysis of corruptive practices not only in the City of Zagreb (where Gong is officially registered) but in other localities as well. The “external involvement” was thus maximally limited as the call featured categories of “mandatory” and “optional” partners. Mandatory partners were defined as those active exclusively in the reference region of LRSG, and optional were all others. How the authors of this tender saw their role was best presented by the fact that they were able to participate in the budget with a maximum of 5% of other project costs, calculated per fixed rate of 40% of acceptable and direct staff costs. Just to demonstrate what this in fact meant, that if the applicants were able to ensure, e.g., a million Croatian Kuna (HRK) for staff salaries (which would be a major success), the amount available to “optional partners” would have been reduced to only **HRK 20,000.00**, making it absolutely insufficient to engage in any serious analytical or advocacy activity. Finally, it is worth noting that the aim of this tender was not to serve CSOs exclusively: namely, to make the Component 2 utterly equal, LRSGs were also able to act as applicants, albeit with the mandatory partnership of the CSO registered in their area. In general, the analysis of replies from the intermediary bodies clearly shows that the purpose of this tender was not for CSOs to act as independent local government watchdogs, but to be partners in jointly developing anti-corruption capacities.

To what extent was this approach appealing to potential applicants is best demonstrated by the fact that by the end of 2020, approximately 70 applications were received, out of which only 8 passed the minimum points threshold making them eligible for financing. This was additionally complicated when the tender was published as a permanent open call, widely known as “the fastest finger”. We can only presume that this was done with the aim of ensuring the most efficient use of funds. However, the outcome was completely different. At the time of writing this analysis, **not a single project was contracted**, and considering the timeframe set for the implementation of activities from previous financial perspective (end of 2023), **it is highly unlikely this will change**. This is in stark contrast to the standard ESF practice of publishing tenders aimed at CSOs that are usually, with few exceptions, very competitive.

However, probably the most cynical act came at the end. The MCS bodies, whose actions led to this situation, simply washed their hands from any responsibility. The Intermediary Body Level 2 representative (i.e., the National Foundation for Civil Society Development) stated that the low rate of successful applications points to issues with the entire process of quality evaluation, which in turn exposes the MCS bodies to unnecessary risks in cases of subsequent audit of projects financed through this call. The epilogue to this saga is at this moment an almost certain withdrawal from signing project contracts with the eight successful applicants. This might be an acceptable outcome for MCS, but it certainly is not a favourable outcome for the eight applicants who worked hard on preparing project proposals to this genuinely problematic call for proposals. It is also a disappointing outcome for all those who believed that part of the ESF funds should have been used in a fight against corruption in Croatia.

Analysis and implications

We can therefore safely conclude that all the efforts to successfully use the ESF funds in the fight against corruption in Croatia have undoubtedly failed. Considering the wider social context where corruption cases on high levels of political and social life in Croatia are an everyday occurrence, and the fact that in the 2014 – 2020 period there is a slight downward trend in the perception of capacities in combating corruption measured with the most important international indicators such as ([World Governance Indicators/WGI](#) and [Corruption Perception Index](#)), things just might not look as bad as one might expect. However, this differs when taking into consideration the wider comparative context. According to the WGI data for 2020, Croatian result in this area of corruption control falls behind for a little bit less than three points against the **combined average of Europe and Middle Asia**, and more than 24 points against the **average of OECD countries**. Just for comparison, according to the 2014 data, this difference was around 2, i.e., 23 points.

Nevertheless, the opportunity might not have been entirely missed with the public administration. As we mentioned already in our previous analysis, most of the projects aimed at supporting never implemented reforms were simply reassigned to the [National Recovery and Resilience Plan](#). However, even here **the biggest losers of the new financial perspective were civil society organisations with programmes aimed at combating corruption**, and with no similar funds to fall back to in their activities. The fact that the 2014-2020 period saw no significant breakthrough in that area, leaves a trace of regret for a lost opportunity.

The direction in which to push for the changes is clear. Designing and implementing ambitious anti-corruption reforms in the public sector is a step in that direction. Providing proper financial support from the planned funds from the National Plan of Recovery and Resilience is another step in that same direction. We can only hope that the recent [spark of interest](#) into the “Croatian approach” in the use of European funds by the European Office of Public Prosecutor could somewhat reduce the corruptive risks in the fight against corruption in Croatia. At the same time, Croatia should invest more ambitiously in the fight against corruption, not only from the EU funds, but **from national public sources** as well. By that we are referring primarily to adequate, stable, and independent financing of key stakeholders such as CSOs with programmes aimed at combating corruption or (for example) in investigative journalism. Such investments should be combined with restoring the influence and full independence of some key anti-corruption institutions such as the Commission for Prevention of Conflict of Interest and Public Ombudsman Office, as was [previously emphasized](#) by

Gong. Until then, when evaluating the fight against corruption in Croatia through the use of ESF funds, the result is unambiguous: **a zero, the absolute worst.**