

Executive summary

Croatia has expressed an interest in acceding to the OECD Anti-Bribery Convention and joining the international community's efforts to fight transnational bribery. This report, which was prepared at the request of the Croatian authorities, provides an assessment of Croatia's legal and policy framework for fighting transnational bribery in light of OECD standards, and identifies areas for improvement.

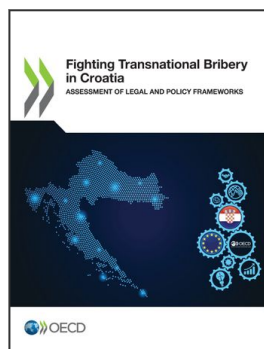
Key findings

Croatia's legislative and institutional framework for fighting transnational bribery meets many of the elements required by the OECD anti-bribery instruments. Legislation could be further improved to be fully aligned with these instruments. Croatian authorities also have a track record of domestic bribery enforcement, including in high-level corruption cases. However, enforcement against legal persons for bribery offences is lacking. Croatia has yet to investigate a transnational bribery case.

The review of Croatia's anti-bribery framework resulted in the following main findings:

- Croatian companies are active in countries with substantial levels of corruption, and are thus at risk of committing foreign bribery. However, Croatian stakeholders may not be completely aware of or agree with this foreign bribery risk profile for the country.
- Croatia's criminal legislation, which covers both domestic and foreign bribery, contains many of the essential features required by the OECD Anti-Bribery Convention. However, these provisions do not appear to cover certain elements of the foreign bribery offence as defined in the Convention, and could therefore be further expanded or clarified.
- Croatia provides for the liability of legal persons for foreign bribery and meets many of the standards demanded by the OECD Anti-Bribery Convention. However, some of the criteria for triggering entities' liability appear too narrow and could be expanded.
- Croatia provides a range of sanctions against natural and legal persons for foreign bribery, including imprisonment (for natural persons), fines, confiscation and debarment. To further improve this regime, Croatia could consider increasing the maximum fines available against natural and legal persons for foreign bribery, and ensuring that the sanctions imposed in practice are effective, proportionate and dissuasive.
- Croatia has a track record of enforcing domestic bribery offences against natural persons, including in high-level corruption cases. There is no such similar enforcement for foreign bribery, however. Also absent is enforcement against legal persons for foreign and domestic bribery. Croatia could therefore enhance enforcement of domestic and foreign bribery against natural and legal persons where appropriate.
- Despite the existence of formal guarantees of judicial and prosecutorial independence, EU data show that the level of perceived judicial independence among companies and the general public is low. Croatian stakeholders in the judiciary and law enforcement are more positive about judicial independence, however. The EU data also show considerable delay in criminal proceedings. Some Croatian stakeholders suggest that this fuels a public perception that enforcement is selective and favours low-level corruption. Croatia could therefore consider taking steps to reduce delay in criminal proceedings in corruption cases.

- Croatia has treaty relations in extradition and MLA with many foreign countries. In the absence of an applicable treaty, these are available on the basis of reciprocity. The report identifies a few areas in which Croatia could further improve its international co-operation system.
- Croatia prohibits the tax deduction of bribes through a range of provisions in the tax legislation. To strengthen its framework, Croatia could consider enacting an explicit, legally binding provision on the non-deductibility of bribes.



From:

Fighting Transnational Bribery in Croatia

Assessment of Legal and Policy Frameworks

Access the complete publication at:

<https://doi.org/10.1787/90d486ae-en>

Please cite this chapter as:

OECD (2022), "Executive summary", in *Fighting Transnational Bribery in Croatia: Assessment of Legal and Policy Frameworks*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/e2fbf9a4-en>

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