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The Little Anti-Corruption Agency That Could

After humble beginnings in empty offices, Croatia's
anti-corruption body became a crusading national force

by Gabriel Kuris

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ABOUT CURBING CORRUPTION: IDEAS THAT WORK

The *Democracy Lab* and Legatum Institute have commissioned a series of case studies that examine specific interventions against corruption which have produced positive results. The aim is to tell a set of stories that illustrate how combatting corruption works in practice, which may offer insight on some of the larger issues across the globe. The papers will form the basis of a conference in September 2015, and will focus on broader themes, such as developing methods to combat corruption, promoting good outcomes, and measuring success. The goal of this project is to identify ideas that do and don't work and share them with the wider anti-corruption and policy communities.

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The Little Anti-Corruption Agency That Could

After humble beginnings in empty offices, Croatia's anti-corruption body became a crusading national force.

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On 10 December, 2010, former Croatian Prime Minister Ivo Sanader was driving with his brother on an Alpine highway when Austrian police stopped his car and arrested him under an international warrant. Sanader had fled Croatia a day earlier, hours before his colleagues in parliament—still led by his own party—stripped him of legislative immunity. The Austrians extradited him back home, where he was facing charges of large-scale corruption. After a year-long trial, he was convicted and sentenced to 10 years' imprisonment, shortened to eight and a half on appeal, for illegal kickbacks totalling 10 million euros. (In late July 2015, he was granted a retrial).

At trial, Sanader's graft was traced back two decades to what prosecutors described as "war profiteering" after the breakup of Yugoslavia, when Croatia fought to become an independent state. Prosecutors detailed all of Sanader's illicit gains: a luxury villa, custom-made tuxedos, a €150,000 watch collection, and the historic art and suitcases of cash he stashed with his butcher before fleeing the country.

Remarkably, Sanader was not brought down by a popular uprising or a political witch hunt. Instead he was prosecuted by his own government, and more specifically by USKOK, Croatia's anti-corruption agency, which had flourished under his rule. Far from the feeble bureaucracy it had once been, USKOK—a Croatian acronym for the "Bureau for the Suppression of Corruption and Organized Crime"—had by this point become one of the world's most formidable anti-corruption outfits.

Over the last decade, USKOK has successfully prosecuted more than two thousand defendants, achieving a conviction rate of roughly 95 percent. Besides Sanader, defendants have included a former deputy prime minister, a former vice president, three former ministers, a top general, the ambassador to the United Nations, and senior tax officials. Just this year, USKOK arrested and indicted Zagreb's mayor on multiple charges of corruption and abuse of office.

It would not be far-fetched to say that USKOK secured the credibility of Croatian law enforcement and helped clinch Croatia's 2013 accession to the European Union. The story of its turnaround holds lessons for anti-corruption agencies worldwide, many of which are still struggling to live up to their mandates.

A culture of corruption has always existed in Croatia in some form, but its roots were never deep. Corruption truly became a way of life during the 1991-95 war of independence against the Serbs. The EU had imposed a strict arms embargo on the former Yugoslavia, and Croatia turned to black market dealers to secure arms supplies. Rather than punishing those who got rich off the war, then-president Franjo Tudjman chose to reward profiteers—along with his other loyalists—with state assets.

The autocratic Tudjman died in 1999, just weeks before national elections in which a liberal coalition triumphed over his conservative Croatian Democratic Union (HDZ). The new government amended the constitution to create a more typical European parliamentary democracy and reoriented foreign policy toward membership in the EU and NATO. A 2002 resolution adopted by all parties in parliament set EU accession as a national strategic goal.

At the same time, a consensus began to form against state corruption. Parliament unanimously approved the first national anti-corruption strategy in 2002. The Speaker of the Parliament, Vladimir Šeks, attributed this consensus to both foreign and domestic pressure. “Most crucial was that an efficient fight against corruption and organised crime was actually a precondition for Croatia’s accession to the EU,” said Šeks. “We were receiving constant signals not only from the EU but also from the United States.” Media and civil society groups, unleashed by Croatia’s political liberalisation, also began to look into high-level graft, raising public concern.

Legislators responded by creating Croatia’s first dedicated anti-corruption agency. “The police, the state attorney’s office, and the judiciary did not have the tools and mechanisms to combat corruption and criminal acts in a successful way,” Šeks said. “What was necessary was to set up specialised bodies to do this.”

At first, Croatia planned to create a police paramilitary unit modelled on Italy’s anti-mafia directorate. But that model seemed ill suited for investigations of white-collar corruption. Instead, legislative drafters looked to the anti-corruption agencies of Lithuania and Hong Kong, both of which had broad mandates covering investigation, prosecution, prevention, education, and policy coordination. Following Lithuania’s model, the 2001 USKOK law created an autonomous bureau with a broad mandate, attached to the office of the public prosecutor.

“The idea was that Croatia would get its own ‘Untouchables,’” said Zorislav Petrović, former president of Transparency International Croatia (2003-2010). Even the name of the new office reinforced the tough-but-good-guy image: the Uskoks were 16th-century Croatian corsairs who ran raids against Ottoman and Venetian traders. Initially, USKOK lacked political support. In its first year, it changed directors twice.

“Instead of a tiger,” Petrović said, “we got a pussycat.” He recalled visiting the bureau’s headquarters and finding a mostly empty office. “At the beginning, USKOK had only a principal, a secretary, and a ficus plant. There were no funds, no support . . . [I]t looked to me like USKOK was there just to fill in the box.”

In 2003, Croatia formally applied for EU membership, and Sanader—who had brought the HDZ back into power—took office promising progress against corruption. The EU, which had seen reforms stall in newly admitted member states, stepped up both its support for and its scrutiny of Croatia’s accession process, citing corruption as a major roadblock to membership in the union. What’s more, the Croatian public was becoming fed up.

Feeling the heat, Parliament ratified the United Nations Convention against Corruption in 2005, and gave USKOK’s prosecutors extraordinary powers. Those powers—subject to judicial review—included the authority to inspect personal financial data and business operations, to freeze assets, and to conduct undercover operations, sting operations, and wiretaps.

Then, in late 2005, Chief Public Prosecutor Mladen Bajić persuaded Dinko Cvitan, a Yugoslav-era prosecutor, to head USKOK, where he quickly earned a reputation for integrity and independence.

As head of USKOK, Cvitan's first priority was to recruit more staff to fit the bureau's strengthened mandate. "It wasn't easy," said Cvitan, "a lot of people came in and out, and [others were] not able to work under the pressure." He and Bajić combed the ranks of local-level prosecutors, looking for integrity and specialised experience in areas like narcotics trafficking and financial crime. (Cvitan recruited his first deputy prosecutor, Tamara Laptos, from a small, remote county prosecutor's office. She would go on to win international awards and ultimately succeed Cvitan as USKOK director in 2014.) To broaden the bureau's skill base, Cvitan also recruited professionals from non-legal backgrounds, including a criminologist and an information technology specialist. During complex investigations, prosecutors worked in interdisciplinary teams under strict protocols for managing information using a closed, high-security computer network.

Improved relations with media and civil society groups helped USKOK win public trust, which was essential for evidence-gathering.

All prosecutors were required to undergo media training. USKOK also received critical assistance from EU programs, as well as advanced investigative training in the United States.

Despite the ongoing professionalisation of Croatian law enforcement, bureaucratic turf battles inevitably emerged. In response, the government created new specialised bodies within the judiciary and the police to complement USKOK. The judiciary designated new teams of judges, who got extra powers and higher pay, to hear corruption cases.

The Ministry of Interior created PNUSKOK, an anti-corruption bureau within the national police, as part of an EU-supported police reorganisation. Mario Bertina, made head of PNUSKOK in 2012, said parliament had formed the organisation "to be partners with USKOK, to extend the reach of their arms." Bertina's unit generally conducted its investigations under USKOK command. Over time, PNUSKOK learned what kinds of evidence USKOK needed, easing cooperation.

Launched in late 2006, USKOK's first major investigation—code-named *Maestro*—concerned bribery in the notoriously corrupt Croatian Privatization Fund. Working with Bajić and a few trusted deputies in a secret room, Cvitan cracked the case after weeks of work. "Nothing left the room," said Cvitan, "no papers or thumb drives. We worked 14-to 15-hour days. We had wild mood swings, from euphoria to depression." Ultimately, the investigation led to the conviction of ten officials. The vice president of the privatisation office was sentenced to 11 years in prison, an unprecedented corruption sentence. "From then on, things weren't the same at USKOK," Cvitan said. "We set the highest possible standard."

A 2008 case, called *Index*, involved bribery scandals at several major universities, in which students paid for better grades or admission to select programs. Another series of probes, codenamed *Diagnosis*, exposed a medical conspiracy in which healthy patients bribed doctors to produce false injury reports so they could claim benefits intended for the war-wounded. "And, of course, we have prosecuted judges and prosecutors," Cvitan said. "Every institution needs to clean up its own mess first."

The jewel in USKOK's crown was its multi-year investigation of Prime Minister Sanader. In July 2009, after six years in office, Sanader stunned Croatians by abruptly and inexplicably resigning in the middle of his term (but not long after media interest in his hidden wealth had surged.) The next year, USKOK announced charges in a case that ultimately implicated Sanader and several associates, centring on the sale of Croatia's state-owned oil company. The HDZ itself was once again tarnished, and wrathful voters tossed the party out of office in 2011.

Sanader tried to fight back as investigators closed in, unsuccessfully lobbying HDZ party leaders to rein in Bajić and Cvitan. The investigation, however, had become "an unstoppable process," according to former HDZ leader Šeks. "PNUSKOK and USKOK enjoyed such support from the government that nobody was exempt from investigation."

So what contributed to USKOK's string of high-profile successes? With foreign training, prosecutors had become skilled at asset tracing and special surveillance methods and were cooperating better with police counterparts. Legal reforms made the trial process more efficient. Austria and other nearby countries had found evidence of Sanader's hidden assets. "There was a lot of pressure coming from outside Croatia to arrest Sanader," Petrović said.

Most importantly, USKOK faced surprisingly little political resistance even as its investigations reached into the upper echelons of government, very unlike its peer agencies in other post-communist countries like [Slovenia](#), [Latvia](#), and [Lithuania](#). Several political incentives factored into USKOK's support among the ruling HDZ party. First, any actions against USKOK would have jeopardised Croatia's admission to the EU in the very final stages of that negotiation. Though the HDZ lost the next election, Sanader's successor Jadranka Kosor made history by [signing the EU accession treaty](#) before leaving office. Kosor came from a younger HDZ faction opposed to Sanader and other old-guard politicians, who were reluctant to risk their own necks and invite scrutiny into their own pasts.

USKOK's growing clout and public support raised the political cost of any move against it. "USKOK is a sort of symbol for the people," said Josip Kregar, the primary drafter of Croatia's anti-corruption laws. Zagreb economist Jelena Budak agreed: "Bajić and Cvitan have so much public authority. They are the rare charismatic public figures in Croatia that people perceive are honest and competent and doing their job."

According to Kregar, Bajić was a key ally for USKOK for three reasons. First, his political instincts and spotless reputation helped USKOK avoid being perceived as a political pawn. Second, his media savvy helped USKOK keep journalists focused on the bureau's wins. "Third," Kregar said, "he has a lot of files... No one is willing to discover what he has."

When Kregar looked back on the anti-corruption reforms passed before the 2003 elections—the creation of USKOK and new laws on conflict of interest and freedom of information—"the only thing that worked and is still working is USKOK."

Admittedly, perceptions of low-level corruption remained stubbornly high. In a [2013 Eurobarometer poll](#), 94 percent of Croatians reported corruption to be widespread. Such a result was perhaps inevitable in the face of so many high-profile busts.

The slow pace of trials contributed to public cynicism about corruption. In 2008, Croatia introduced procedural reforms that transferred supervisory powers over criminal investigations from investigative judges to prosecutors and moved Croatia toward a more Anglo-American legal model.

Public trust in Croatian law enforcement appeared to increase. A 2010 survey found that 33 percent of Croatians had high trust in the judiciary and 58 percent had high trust in the police. By 2010, the police had become the second-most-trusted institution in Croatia, ahead of the Roman Catholic Church and behind only the military.

Croatian leaders believe that anti-corruption reforms were unlikely to backslide, even after Croatia joined NATO in 2009 and the EU in 2013. Many noted that the EU would watch Croatia carefully if reforms appeared to stall—as has happened previously with newly admitted member states. Croatian leaders remain optimistic.

"It's deeply rooted in our society now," said Vladimir Šeks. "there is no way back to the old bad habits."

Reduced EU scrutiny may, however, slacken the pace of reform. "Now we have a lot of spotlights on Croatia," Petrović said. "Fewer spotlights, more corruption risk."

Yet some Croatians find USKOK's authority and influence worrisome. "They are now quite a big and powerful organisation," Kregar said in 2012. "Now we even have a problem of how to control what they are doing." Cvitan stressed that the judiciary held USKOK and other prosecutors accountable and that USKOK's powers and oversight mechanisms were comparable to those of peer agencies in other Western countries. Still, USKOK had become a weighty force in Croatian politics, and judges may have felt pressured to give USKOK leeway, especially with EU membership at stake.

In the long term, the sustainability of Croatia's gains against corruption will depend upon preventive reforms and educational efforts to change societal habits, more than high-level convictions. In this, USKOK takes a backseat to executive agencies tasked with carrying out the government-wide reforms necessary to secure EU accession and prevent graft from taking root once again. If the Croatian government has become more honest and transparent, the policymakers who followed up USKOK's crackdowns with institutional reforms may be the unsung heroes of the continued battle against corruption.

Croatia's rollback of high-level corruption capitalised upon several favourable factors. The country is small and fairly homogenous, with robust institutions of government and remarkable political concordance. High-level corruption in Croatia is mostly traceable to the tumultuous '90s and not as deeply rooted as it is in many other new democracies.

Nevertheless, political will was the key to making Croatia's reforms possible. The national consensus against corruption held firm even after top politicians faced indictment. This consensus was driven by citizen frustration with corruption, political competition, media scrutiny, and most of all, the carrot and sticks of the EU accession process.

Reforms in the judiciary also buttressed this political will. USKOK prosecutors had strong powers, ample resources, and international training and support. Legal procedural reforms helped prosecutors secure convictions with heavy sentences that sent a strong signal to potential offenders. Complementary anti-corruption bodies in the police and the judiciary provided USKOK with informed, trustworthy partners. In matters of crime prevention, USKOK deferred to dependable partners in the Ministry of Justice.

USKOK's collaborative approach, both internally and across agency lines, depended upon strong personal relationships, like that between Cvitan and Bajić. Indeed, Cvitan succeeded Bajić as chief public prosecutor in 2014. If those leaders had been jealous or antagonistic, they might have worked at cross-purposes or overstepped their powers. Since Cvitan's successor at USKOK is Tamara Laptos, his protégée and former deputy, such close relations are likely to continue.

Dinko Cvitan can be credited with several important strategic choices. He recruited talented and trusted prosecutors from a range of backgrounds. He built strong relations with other public agencies, the media, civil society, and international community. Despite USKOK's broad, multifunctional mandate, he honed in on its core functions of investigation and prosecution. And he cultivated USKOK's reputation for professionalism, effectiveness, and—true to its namesake folk heroes—patriotism.

Cvitan saw high-level corruption trials as a turning point for newly democratic Croatia. "The republic of Croatia is going through a certain catharsis," Cvitan said in 2012. "We needed to. After going through these trials, nothing like this will happen again in Croatia. Not with these proportions."

It will be a long time before Cvitan's prediction will be proven true or false. Will Croatia's commitment to reform lag after EU integration? Will networks of graft re-merge, or will new generations of Croatians demand more accountability from government? Either way, USKOK has dug in for a long fight. "We'll always have something to do," Cvitan said. "We're like undertakers: we'll never run out of work."



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