

PERFORMANCE AUDIT OF MEASURES AND ACTIVITIES UNDERTAKEN ON POVERTY ALLEVIATION IN THE REPUBLIC OF CROATIA

(March 2020)

SUMMARY

The State Audit Office of the Republic of Croatia has conducted the Performance audit of measures and activities undertaken on poverty alleviation in the Republic of Croatia. The audit covers the period 2014 - 2018.

The objects of the audit were the measures and activities adopted by the Government of the Republic of Croatia according to the implementation documents adopted on the basis of the Strategy for Combating Poverty and Social Exclusion in the Republic of Croatia (2014 - 2020) and their impact on poverty alleviation.

Auditees were the Ministry of Demography, Family, Youth and Social Policy as coordinator of the Strategy, and the Ministry of Science and Education, the Ministry of Labor and the Pension System and the Ministry of Construction and Physical Planning, as holders of certain strategic areas and implemented measures.

The main objective of the audit was to evaluate the effectiveness of the implementation of measures and activities undertaken to alleviate poverty in the Republic of Croatia. The specific objectives of the audit were to verify that the strategic and implementation documents that should contribute to poverty alleviation in Croatia have been adopted and are in line with the Europe 2020 targets; to check whether goals and concrete measures and activities for poverty alleviation have been defined; to examine the role and responsibilities of competent authorities in adopting measures and carrying out activities; to check and evaluate the cooperation of competent authorities and to examine whether the availability of data is ensured and whether the data are accurate and comparable; to check and evaluate, on the basis of the selected audit sample, the implementation of defined measures and activities for the purpose of poverty alleviation in Croatia; to check whether the measures and activities implementation is being monitored as well as that the effects of taken measures and achieved results are analysed.

The main audit findings include:

- a more detailed elaboration of the implementation of the Strategy is planned through the three-year implementation programs, therefore it was not planned to adopt implementation documents to implement measures and activities for the seven-year period of the Strategy
- the Program for the implementation of the Strategy for the period 2014 - 2016 was adopted by the Government of the Republic of Croatia nine months after the adoption of the Strategy, meaning at the end of the first year of implementation, and the envisaged programs for the implementation of the Strategy, which should have been related to 2017, 2018, 2019 and 2020 were not drafted and adopted, while in 2018 and 2019 a large number of measures and activities that were foreseen in the Program for the implementation of the Strategy for the period 2014 - 2016 were still

being implemented without a new implementation Program being drafted and adopted, respectively

- the process of drafting annual reports, from the end of the reporting period until their submission to the Government for adoption, has been taking more and more time each year, and the report on the implementation of measures for 2018 has not been prepared until the time of the audit, so the purpose of reporting has not been fully achieved and information on measures and activities taken to alleviate poverty have not been provided in a timely manner
- the sessions of the working groups were not held in accordance with the Government decisions or the decision of the Ministry of Demography, Family, Youth and Social Policy, and also the Working group for preparing annual reports and the Working group for developing and monitoring the implementation Program, have not fully accomplished their tasks
- among ten measures covered by the audit, two measures ceased to be implemented, and the audit findings of the remaining eight measures identified weaknesses in implementation and monitoring, such as, the main objective of the measure is not aligned with the activities of the measure, the target group is too wide, the outcome indicators are not clearly defined, no target values have been set and they are not monitored through annual reports, the activities of the measures are not carried out in accordance with the foreseen deadlines, and sources of financing and funds are not planned or the funds spent for financing the measure activities are not monitored on an annual basis
- in some annual reports data on the reduction of poverty and social exclusion are presented by the number of persons in Croatia at risk of poverty and by the number of persons at risk of poverty or severe material deprivation or those living in low-intensity households, while in others there are only data on the at-risk-of-poverty rate and the percentage of persons at risk of poverty or social exclusion, so it is not possible to continuously monitor the achievement of the national target of reducing the number of persons at risk of poverty by 150 000
- comparison of statistics on poverty and social exclusion in the EU Member States is given only within one annual report, the stated statistical data show minor discrepancies with the Croatian Bureau of Statistics and Eurostat data, while the fact that the national target of the Strategy was reached in 2016, indicates that planning of the target for Croatia was not realistic.

On the bases of the established facts, and taking into account the objectives of the audit, the State Audit Office estimates that the measures and activities undertaken on poverty alleviation in the Republic of Croatia **are partially effective and require significant improvements.**

State Audit Office gave the following recommendations to the auditees:

- take action to adopt a new implementation Program as soon as possible so that the measures and activities still being implemented following the Program for the implementation of the Strategy for the period 2014 - 2016, as well as possible new measures, are implemented under the appropriate implementation program, for the remaining period of the Strategy (Strategy coordinator)

- in accordance with the adopted Government conclusions, timely undertake the activities necessary for the preparation of annual reports on the measures implementation, which include monitoring of the measures implementation, gathering and submitting the necessary data, and drafting and submitting annual reports to the Government with a view to their prompt adoption (Strategy coordinator and holders of strategic areas)
- in accordance with the Government decisions, as well as with the decision of the Ministry of Demography, Family, Youth and Social Policy, the working groups should meet regularly and continuously carry out their tasks related to the preparation and monitoring of the implementation programs, the preparation of annual reports and other tasks (Strategy coordinator)
- in the further implementation and monitoring of the measures covered by the audit, in the period until 2020, or in the implementation of the new implementation program, align the main objective of the measure with the activities; identify the target groups more clearly and thus direct the activities of the measures directly to the reduction of poverty and social exclusion; define the outcome indicators more clearly and define target values to enable the evaluation of achieving the objectives of measures and monitor them more accurately in the annual reports; carry out the measures' activities in accordance with the foreseen deadlines and plan and identify the fund sources and funds for the entire period of measures implementation, as well as monitor the funds spent for financing the activities of the measures on annual basis (holders of strategic areas)
- report on the overall statistical data including the number of persons at risk of poverty, within annual reports on implementation of measures, and accordingly enable continuous and accurate monitoring of the reduction of the number of persons at risk of poverty and social exclusion (Strategy coordinator)
- additionally, review and align relevant data to avoid discrepancies and further inconsistencies, and regularly monitor and compare statistics on poverty reduction and social exclusion of EU Member States through annual reports on implementation of measures (Strategy coordinator).

The State Audit Office is of the opinion that the implementation of these recommendations would contribute to the elimination of identified shortcomings and omissions, and that would increase the effectiveness of measures and activities undertaken for poverty alleviation in the Republic of Croatia.