

**Croatia and the Institute for Public Finance:  
Budget Work in a Transitional Democracy**  
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Executive Summary

The Institute for Public Finance, a non-governmental organization based in Zagreb, Croatia, undertakes public finance research and analysis to improve national policymaking and the effectiveness and efficiency of public budgeting. Founded at the University of Zagreb in 1970, the IPF is one of a group of 24 state-funded research institutes established by the state. The IPF describes itself as a “public non-profit” institution. The organization of the IPF is based on a small core of about 16 permanent staff members—nine researchers and seven administrators—who support and manage a large network of associated academics. IPF works with around 50 collaborators, mostly from academia, who contribute to its analytical work.

The IPF’s main purpose is the production and dissemination of high-quality research on public finance issues, which forms part of a long-term strategy to improve public education on public finance and the quality of public finance decision-making in Croatia. A number of dissemination outlets help to distribute its research, including a newsletter for the general public, an academic journal, and an extensive Web site. Through its education efforts, the IPF raises awareness of citizen’s, civil society and parliamentarians through roundtables, lectures, a large network of informal advice, and the support of journalists—efforts which are enhanced by materials written in an accessible language and the IPF’s assertive efforts to secure press coverage. In addition to its important relationship with the media, the IPF also plays an advisory role to MPs and members of the executive. On issues such as the proposed “flat tax” in Croatia, it develops and advocates a position through the press, seminars, books, and formal and informal “advice” to a number of policy-makers.

The high intellectual standing of the IPF in Croatia as an independent research organization has been a critical element in its ability to reach and inform policy-makers and politicians. The IPF’s work has had a demonstrative impact on the thinking of the intellectual elite that handles public finance issues in Croatia, and they view the IPF as a key information source, both formally and informally. Due to the budget formulation and governmental system in Croatia, the IPF may more directly shape long-term thinking about critical finance issues rather than significantly influence the current budget and public policy agenda. The IPF therefore focuses its research on a series of themes—for example, tax reform, decentralization, availability and transparency of data—that set the longer-term framework for national public finance policy.

IPF’s strategic challenges in the future include developing second layers of leadership and staff sustainability over the long term; finding methods of furthering its advocacy efforts on certain issues; and creating openings for citizen

advocacy on budget issues that rise to the level of civil society's analytic capacity.