

# Creation of the Ministry for Digital Transformation of Croatia

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American Chamber of Commerce in Croatia *Američka gospodarska komora u Hrvatskoj*

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# Introduction

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Halfway down the EU Digital decade, Croatia did not make significant improvements on the “DESI Index”, or from 2023 the “Report on the state of the Digital Decade”. Croatia is significantly lagging other EU Members states in digital transformation.

**Digital Decade Country Report** from 2023 states that Croatia has untapped digital potential to contribute further to the collective efforts and achieve the EU’s Digital Decade targets. Croatia set up new digital initiatives such as the Digital Croatia Strategy Until 2032, the National Development Strategy until 2030 and the National Recovery and Resilience Plan (NPOO), which are aligned with the Digital Decade Policy Programme. The Programme is also heavily linked by funding to achieve set policy plans.

**Croatian Development Strategy for 2030** recognized, as one of the pillars, green and digital transformation with the following priority areas:

- Digital transition of the economy,
- Digitization of public administration and judiciary,
- Development of broadband electronic communication networks,
- Development of digital competences and digital workplaces.

**Digital Croatia Strategy Until 2032** identified four strategic goals:

- Developed and innovative digital economy,
- Digitalized public administration,
- Developed, accessible and utilized very high-capacity networks,
- Developed digital competences for life and work in the digital age.

Digital Croatia Strategy Until 2032 set a goal, supported by KPIs, to reach the EU average in digitalization and position Croatia in the middle of the Digital Decade Index.

For Croatia to achieve the national KPIs for digitalization and meet the ambitions outlined in the strategies, AmCham believes that a prerequisite is the creation of a new ministry that would be in charge of digitalization.

# Current institutional landscape

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## *Institutions with responsibilities for digital initiatives*

Authority over digital transformation in Croatia is currently dispersed across multiple institutions in different proportions. When it comes to shaping digital policy and legislation, there are three main stakeholders: Ministry of Economy and Sustainable Development, Ministry of the Sea, Transport and Infrastructure and Central State Office for Digital Society Development as coordinating body.

Jurisdictions of the Central State Office for Digital Society Development have grown in recent years, but it does not have the authority or mandate over other institutions dealing with digitalization which has proven to slow down overall efforts to make improvements in Croatia in that area.

AmCham has also identified the following institutions, that in some capacity, deal with digitalization policies including Ministry of Science and Education, Ministry of Justice and Administration, Ministry of Labour, Pension System, Family and Social Policy, Regulatory Agency for Network Activities – HAKOM and the Croatian Competition Agency.

The present structure incorporates needless complexity within the system which makes it difficult for businesses and stakeholders to follow all relevant bodies in charge of different aspects of digitalization, and to monitor and implement relevant legislative changes. This fragmentation of governance poses unnecessary administrative complexities which require additional resources in manpower and time, waters down communication on digital topics and slows down the implementation of projects.

## *Examples of good practice*

There are many examples of EU members states that have recognized the necessity to form a ministry in charge of digital transformation including Denmark, Germany, Greece, Luxembourg, Poland, Romania, Slovenia, and Spain. Also, the Bulgarian Government has the Minister of e-Government while Portugal has the Minister of State for the Economy and the Digital Transition. These pose examples of good practice and in many cases these institutions were formed in recent years.

Also, if we look at the opinion and recommendations of international organizations including European Commission, OECD, UN, IMF or WB. The advocacy for a ministry in charge of digital transformation by leading organizations stems from the need for centralized leadership to ensure strategic alignment, improve efficiency through coordinated efforts, effectively allocate resources, develop adaptive policies, and engage in international collaborations. This approach is crucial for harnessing the transformative power of digital technologies, promoting innovation, and ensuring a cohesive and responsive digital governance framework.

# Recommendations

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As mentioned above, Croatia already has a state body which coordinates activities in digital transformation. However, not at a level of a ministry. New legislative files adopted by the EU, such as the DSA, DMA or AI Act, are complex to implement. The Central State Office for Digital Society Development as a state administrative organisation lacks the necessary resources and authority to drive digital initiatives across all sectors. This deficit is replenished by different Ministries and government agencies, as pointed out above, and digital topics do not receive the required attention.

Digital transformation is all encompassing and impacts all spheres of society and economy. To ensure strategic alignment of all involved stakeholders and successful implementation of digital initiatives, it is crucial to have a dedicated ministry that would provide leadership on digital topics.

AmCham's recommendations are aligned with the opinions of relevant international organizations. The Croatian Government should set up a "Ministry for Digital Transformation" or transform the existing Central State Office for Digital Society Development into a ministry, similar to how the Romanian Ministry of Research, Innovation and Digitalization was founded.

To boost Croatia's capabilities of achieving the EU Digital Decade targets, AmCham believes that the new ministry's area of authority should be linked to the priority areas defined by the EU Digital Compass:

1. Digital skills,
2. Digital transformation of businesses,
3. Secure and sustainable digital infrastructures,
4. Digitalization of public services.

As for the concrete scope of responsibilities and activities, the new Ministry of Digital Transformation should:

- Prepare, develop and coordinate the implementation of national strategies, policy proposals and legislation in the area of digital transformation,
- Monitor and analyse the impact of policy proposals and other developments in its area of authority,
- Prepare Croatian national positions on digital EU legislative files for the work in the Council of the EU,
- Oversee the transposition of EU legislative files related to the four areas of authority,
- Coordinate all public administration digital transformation projects,
- Systematically support the improvement of digital infrastructure,
- Design and implement projects for improvement of digital skills of the public,
- Streamline and coordinate Government communication on digital topics to achieve a uniform approach,

- Serve as a single point of contact for all inquiries related to digital public policies or digital transformation projects for business, academia and civil society,
- Foster collaboration on digital transformation projects with business, academia, international organizations and civil society.

A dedicated ministry and Croatian Chief Digital Officer would secure that digital transformation topics are represented at the weekly Government sessions which would help raise the awareness about the importance of digital transformation. This would provide a much-needed holistic approach that would help realize the full benefits of digital transformation for Croatia's economy and society.

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For additional information, please contact:  
American Chamber of Commerce in Croatia  
Andrea Doko Jelušić,  
Executive Director, T: +385 1 4836 777  
E: [andrea.doko@amcham.hr](mailto:andrea.doko@amcham.hr)