

# Croatia

## Results of the Public Wages System Reform in Croatia (2022-2024)

PUBLIC ADMINISTRATION GLOBAL UNIT | INSTITUTIONS IN ACTION #4



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**The Global Program for Improving Public Administration Performance** aims to provide analytical and thought leadership to advance public administration reforms in the areas of improving government organizational structures for policymaking and implementation; public sector employment and compensation; the management of the public sector workforce; and the use of GovTech, both in digital systems, and in enabling reforms around building digital skills and an organizational culture of innovation. Learn more: <https://www.worldbank.org/en/programs/global-initiative-on-public-administration-reform>

**Challenge.** In 2020, the Government of Croatia recognized that its public sector wage system was overly complex, lacked transparency, and did not ensure fairness. With support from the World Bank, the government took important steps to address these challenges and create a more equitable and transparent system.

Previously, the wage structure faced significant issues, including inconsistencies in pay for jobs of similar complexity, which went against the principle of “equal pay for equal work.” The system was also highly fragmented, with more than 3,100 job classifications, each with individual coefficients, and over 600 different salary supplements. These factors contributed to fiscal risks and made it difficult to establish standardized evaluation and compensation practices.

Wage reform can be a deeply sensitive issue, and the wrong perceptions can lead to important delays.

**Solution.** To support this reform, the World Bank collaborated with the government to conduct extensive technical and analytical work, ensuring that the new public wage system aligned with EU standards and best practices. The new system introduced a job evaluation methodology to assess existing roles, develop updated job coefficients that better reflect job complexity, and implement pay grades. As a result, job classifications were consolidated into approximately 1,300 new roles, and salary supplements were streamlined.


Additionally, a new job performance evaluation system was designed and implemented.

The reform also included strategic communication and change management efforts delivered by the Coalitions for Reforms Global Program. The approach involved sharing insights from other European governments and engaging a former trade union leader to facilitate dialogue. Through in-depth stakeholder analysis and focus groups, the government gained a better understanding of concerns and refined its strategy accordingly. The World Bank team developed a comprehensive communication plan, including a clear narrative and message framework, while training officials to interact more effectively with the media.

**Impact.** Following this engagement, Croatia passed the Law on Salaries in the Public and Civil Service in December 2023, followed by implementing regulations in early 2024. These changes introduced a more structured and transparent salary-setting mechanism. This reform underscores the importance of investing in effective communication and change management while also strengthening the technical capacity of key government ministries to support long-term improvements in the public sector.

### Related resources:

[Reforming the Public Sector Wage Setting Mechanism](#) 

[Croatia: Reforming the Public Wage Setting Mechanism](#) 

### Croatia / Data

