

# **STRATEGY FOR COMBATING POVERTY AND SOCIAL EXCLUSION IN THE REPUBLIC OF CROATIA (2014 - 2020)**

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Combating Poverty and Social Exclusion

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## SUMMARY

The Strategy for Combating Poverty and Social Exclusion in the Republic of Croatia (2014-2020) is the basic document that will enable a systematic and common approach of all relevant stakeholders in the solution of the issue of poverty and social exclusion, along with ensuring a minimum standard for the most endangered parts of society, and preventing new occurrences of poverty and social exclusion.

The Strategy contains a brief and clear presentation of the present state of poverty and social exclusion in the Republic of Croatia, the causes that have led to this state as well as a social and economic projection as the basis for action. It clearly points out which are the most vulnerable groups of society exposed to the risk of poverty and social exclusion, with the principle of focusing on the individual and his/her needs.

The Strategy is based on ensuring conditions for the achievement of three main priorities: the fight against poverty and social exclusion and reducing inequality in society; the prevention of the occurrence of new categories of the poor, as well as the reduction of the number of poor and socially excluded persons; the establishment of a coordinated system of support for groups at risk of poverty and social exclusion. In doing so, it needs to be pointed out that anti-discrimination policy is the basic principle in the achievement of the above priorities and goals.

For the achievement of the three indicated priorities and corresponding primary objectives, activities are envisaged within eight strategic areas, whereat education and lifelong learning are considered a long-term priority area, followed by: employment and access to employment; housing and availability of energy; access to social benefits and services; access to the health system; care for the elderly people; the fight against indebtedness and promotion of financial independence; balanced regional development. Each strategic area comprises several main strategic activities and the methods of their implementation, which will be elaborated in more detail within three-year implementation programme on the national level, which will require the preparation of corresponding documents on the regional and local level.

The document represents current European and international policies and contains links with European and international documents of this type and envisages the use of European and international funds for the realization of a part of the planned strategic activities.

## 1. INTRODUCTION

Available statistical data on the **state of poverty**<sup>1</sup> of the population of the Republic of Croatia show that the **at-risk-of-poverty rate** in 2012, after social transfers, amounts to **20.5 %**, and the **percentage of persons at risk of poverty and social exclusion** amounts to **32.3 %**. A large part of the population (**15.4 %**) lives in conditions of severe poverty and cannot satisfy their basic life necessities.

The data point to great social differences and a restricted access to opportunities. The obligation of the state and society is to inquire the causes that lead to such a situation and ensure the conditions and active policy measures for the improvement of the living conditions of all, because under the conditions of a long-term crisis, poverty and social exclusion can no longer be considered a problem of only one part of the society considered marginal, but as a threat to all layers of society and all generations.

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<sup>1</sup> Croatian Bureau of Statistics: Poverty indicators in 2012, final data

The obligation to fight against poverty and social exclusion is part of fundamental international documents such as the Millennium Declaration<sup>2</sup> and the Millennium Development Goals of the United Nations, as well as documents that stem from the European principles of solidarity and the welfare state such as the European Social Charter that indicates "the right to the protection from poverty and social exclusion" as one of the basic civil rights. Social welfare rights recognise the right of citizens to using the civilisational legacies of the society they live in, and are created and implemented via social welfare programs and activities of various stakeholders. In addition to personal and political freedoms and rights, economic and cultural rights, and the right to a healthy life, social welfare rights are protected by the Constitution and other regulations.

In the Programme of the Government of the Republic of Croatia (2011-2015) as well as in other national documents and key strategic documents of the European Union, such as Europe 2020 – the Strategy for Smart, Sustainable and Inclusive Growth<sup>3</sup> and the European Platform Against Poverty and Social Exclusion, a wider strategic approach to solving the issue of poverty and social exclusion is envisaged.

Taking into consideration the above indicated, we began with the preparation of the basic document "Strategy for Combating Poverty and Social Exclusion in the Republic of Croatia (2014 – 2020)" (hereinafter: Strategy) in cooperation with the relevant stakeholders that included representatives of government authority and public authority, representatives of local and regional self-government<sup>4</sup>, representatives of employers, trade unions, civil society organisations and the academic community.

The Strategy consists of 6 chapters in which an attempt was made to specifically, clearly and briefly present the state, point out the issues and ways to solve them.

In the starting points for the preparation of the Strategy, a brief review of the social and economic situation is given that includes the general economic trends and labour market as well as demographic trends, the state of the poverty and income inequality as well as the structure of social protection.

In the chapter Strategic Framework, the terms poverty and social exclusion are defined, the methods of protection against discrimination are indicated and the most vulnerable groups and primary objectives of the Strategy are defined. **Three main priorities** are defined: *the ensurance of conditions for the **fight against poverty and social exclusion** and the reduction of inequality in society; the ensurance of conditions for the **prevention of the occurrence of new categories of the poor** as well as a reduction of the number of the poor and socially excluded persons as well as the **establishment of a coordinated system of support** for groups at risk of poverty and social exclusion.*

Considering that poverty and social exclusion are multidimensional categories, it is important to include all areas that can directly or indirectly impact their prevention. The Strategy, therefore, determines **eight strategic areas** within which the **main strategic activities** have been determined, based on which **implementation programmes** will be created for a period of three years. Within the implementation programmes the measures and designated

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<sup>2</sup> Political document of the UN for the 21<sup>st</sup> century, September 2000

<sup>3</sup> European Commission, communication from 2010

<sup>4</sup> Words and terms with grammatical gender, regardless of whether they are used in the male or female grammatical gender in laws or other regulations, refer equally to both the male and female gender - Article 43 of the Gender Equality Act (OG 82/08)

competent authorities for the implementation of these measures will be indicated. **Education and lifelong learning** is set as a priority area in the prevention of poverty and social exclusion, and considering that access to education and the quality and level of education greatly influence the life circumstances of individuals, education is a precondition for the development of the economy and society, representing a basic tool for the fight against poverty and social exclusion.

The Strategy also deals with the European and international cooperation and obligations of the Republic of Croatia and the possibility for using EU funds in the realization of strategic activities. It also indicates the **role of the stakeholders** in the implementation of the Strategy, as well as the monitoring of and reporting on the implementation, and contains the components for the preparation of the implementation programme of the Strategy.

Furthermore, it should be noted that the Strategy takes into consideration basic pre-accession strategic documents, such as the Joint Inclusion Memorandum (JIM) and the Joint Assessment of the Employment Policy Priorities (JAP), the results of the implementation of JIM and JAP and the corresponding National Implementation Plans resulting from them.

## 2. STARTING POINTS FOR THE PREPARATION OF THE STRATEGY

### 2.1. Social and economic situation

The global crisis that affected almost all members of the European Union, including the Republic of Croatia, leading to a great increase in unemployment and decline of the gross domestic product (GDP), which has unfavourably impacted the state of economy, the development of which is additionally aggravated due to the consequences of the Homeland War. In addition to the increase in unemployment, the economic crisis also brought about an increase in the number of employees who do not receive their salary or whose salaries are paid with great delays. By observing the problems in the economy and the society and comparing the position of the Republic of Croatia with that of the European Union, one can notice that the Republic of Croatia lags significantly behind the European average in the field of employment, investment in research and development, reduction of green house gas emissions, higher education and the fight against poverty, whereas its position is relatively favourable compared to the EU in the field of renewable energy sources, and significantly more favourable in the field of the prevention of **early school leaving**.

The main and specific obstacles that hinder the achievement of the **Europe 2020** goals have been identified<sup>5</sup> and these are, among others, the following: **insufficient participation in the labour market** related to the issue of restructuring, considering that it is expected that the restructuring process and the privatisation of state owned companies and the reform of the system of state aids will in the short term contribute to the growth of unemployment; the **lack of coordination between the educational system and the labour market needs**, related to the insufficient share of the highly educated population; **a great number of persons faced with the risk of poverty and social exclusion**, where it should be pointed out that the RoC has relatively unfavourable public-health indicators, and older persons, children, persons with disabilities and minorities represent a more vulnerable group; **insufficient participation of persons in lifelong learning**, as a basic condition for the development of the society and personal development, which needs to be increased in order to decrease the discrepancy between supply and demand on the labour market; **underdeveloped infrastructure** that requires improvement and overcoming the imbalance of the transport coverage between different parts of the country, and the preservation of natural and cultural resources.

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<sup>5</sup> Economic Programme of the Republic of Croatia 2013, Government of the Republic of Croatia

### 2.1.1. Demographic trends

The demographic trends in the Republic of Croatia are more unfavourable compared to the more developed part of Europe. Considering that the Republic of Croatia is the only European Union member state that had a major armed conflict on its territory after World War II, and that it entered a peaceful period after this conflict and as such became a European Union member country, the unfavourable demographic trends can be related to the direct experience of war. The aggression against the Republic of Croatia, if we take into consideration its extent<sup>6</sup>, long duration<sup>7</sup> and material destruction<sup>8</sup>, has negatively influenced the individuals directly involved in the war, their families, local communities, and the society at large, but also the Republic of Croatia, which was faced with heavy consequences of the war – the loss of human lives, material losses and traumatic experiences of citizens exposed to the experience of war. The experience of the defensive and liberating Homeland War that the Republic of Croatia went through caused a direct and indirect demographic loss of population, and such a demographic trend affected the structure and development of both the society and the economy.

For the past two decades, the Republic of Croatia is facing the **trend of population reduction**, primarily due to the negative rate of natural increase. In the ten-year period between 2002 and 2011, **the average annual rate of natural increase was negative (-2.2 per mil)**, which is an average annual reduction of population by about 9.6 thousand per year. In 2012, the rate of natural increase amounted to 2.3 per mil (-9,939 people). In 2012, the **birth rate** (live births per 1,000 inhabitants) amounted to **9.8**. The negative increase rate is also confirmed by the **vital index** (live births per 100 deaths), which amounted to **80.8**. Still, in 2012, compared to 2011, a mild increase in the number of live births of 1.4 % was recorded, that is 574 children more than in 2011 were born.

The population of the Republic of Croatia has an average age<sup>9</sup> of 41.7 years (men 39.9, women 43.4). Furthermore, on average, the life expectancy in the Republic of Croatia in 2010 was 73.5 years for men and 79.9 years for women, or on average 76.6 years (in the EU 27, it amounted to 79.7 years). In the 1960-2010 period, the average life expectancy in the Republic of Croatia increased by 9.2 years for men (or about 1.8 years per decade) and by 10.9 years for women (or about 2.2 years per decade), which demonstrates clearly the **process of population ageing**.

An important indicator of population ageing is the **share of inhabitants older than 65** years in the total population, which in the Republic of Croatia amounted to **17.7 %** in 2011 (EU - 17.5 %). On the other hand, in 2011 the so-called **dependence index** (ratio of the number of the population older than 65 and the number of the working-age population between the ages 15 and 64) reached 26.4 % (in the EU it is 26.2 %). (Eurostat)

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<sup>6</sup> The war and wartime destruction comprised 54 % of the national territory, on which 36 % of the Croatian population lived, and 14,760 square km or 26 % of the Croatian territory was under occupation (Perković, M., Puljiz, V. (2001), War damages, expenditures for war veterans, victims and sufferers of the war in the Republic of Croatia, *Revija za socijalnu politiku* (Social Policy Magazine) 8 (2): 235-238).

<sup>7</sup> In accordance with Article 2 of the Act on the Rights of Croatian Homeland War Veterans and their Family Members (OG 174/04, 92/05, 2/07, 107/07, 41/09, 65/09, 137/09, 55/11, 140/12, 33/13, 148/13), the Homeland War lasted from 5 August 1990 until 30 June 1996.

<sup>8</sup> According to data of the Government Audit for the List and Estimate of War Damages, direct war damages in the Republic of Croatia in the 1990-1999 period amounted to HRK 236,431,568,000 or about EUR 32 billion. Of this, material damages comprised 40.2 %, the costs of the war and non-maintenance of goods 26.1 % and the damages concerning human life and health 33.7 % (Družić, 2004 according to Dobroćić, 2008) (Dobroćić, I. (2008), Welfare System for Homeland War Veterans, *Revija za socijalnu politiku* (Social Policy Magazine), 1 (1): 57-83).

<sup>9</sup> Source: Census of population, households and dwellings 2011, Croatian Bureau of Statistics

The **family structure**, if the censuses from 2001 and 2011 are compared, shows significant changes: the share of single-person households increased from 20.8 % to 24.6 % (for comparison, in 1971 it amounted to 15.5 %); the share of single-parent families increased from 15 % to 17.1 %; the number of couples with children decreased by 3.7 %; while the number of childless couples increased by 1.6 %.

**Migration trends** have also been negative in recent years, with the migration balance amounting to – 3,918 in 2012 (8,959 people immigrated to the Republic of Croatia, and 12,877 people emigrated abroad).

Table: External migration of the population<sup>10</sup>

| Year | Immigrated from abroad | Emigrated abroad | Migration balance | Migration balance rate |
|------|------------------------|------------------|-------------------|------------------------|
| 2007 | 14,622                 | 9,002            | 5,620             | 1.3                    |
| 2008 | 14,541                 | 7,488            | 7,053             | 1.6                    |
| 2009 | 8,468                  | 9,940            | - 1,472           | -0.3                   |
| 2010 | 4,985                  | 9,860            | - 4,875           | -1.1                   |
| 2011 | 8,534                  | 12,699           | - 4,165           | -1.0                   |
| 2012 | 8,959                  | 12,877           | -3,918            | -0.9                   |

In 2012, with regard to the issue of internal migration, 68,839 persons changed their permanent residence, 46.0 % of which were between the ages of 20 and 39, migrating mostly from rural to urban areas, mostly for economic reasons.

The demographic changes and projections are indicators that significantly impact the development of the society and focus on social intervention. A comparison of the census results shows a **downtrend of the total number of the population**. Projections of the population count in the period between 2021 and 2061 show a decreasing trend. The prognosis is that by 2061 the population count will be reduced by 29.2 % (3,387,800) compared to 1991 (4,784,265)<sup>11</sup>.

Besides these negative demographic trends, the Republic of Croatia will also have to face the approaching retirement of the so-called 'baby boom generation' and the effects this will have on the pension system. Such troubling trends will bring about changes in the population structure, that is **population ageing**, a reduced or inadequate labour supply, imbalance in the inflow and outflow of pensioners, increased need for health and social protection, etc. The task of the Strategy, therefore, is to take into account the need to develop mechanisms that can recognise and cope with new occurrences and forms of poverty.

### 2.1.2. General economic trends and the labour market

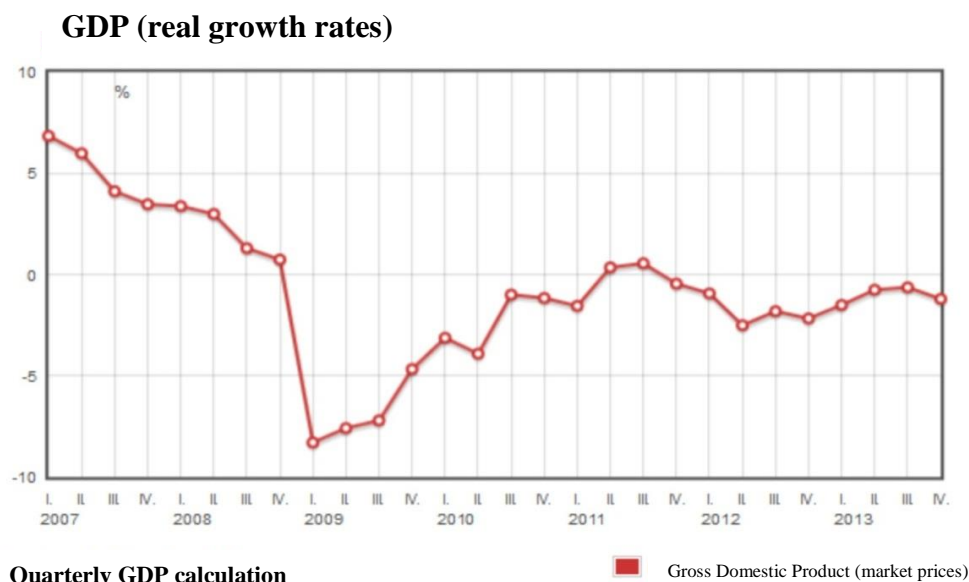
The **decline in economic activity** is greater in the Republic of Croatia than at the level of the European Union. Whereas the GDP at the level of the European Union is in stagnation, the Republic of Croatia continues to record a negative trend, although a much milder one. The recession has begun with a negative trend in 2009, which, in addition to the impact of the global crisis, was brought about by the weak Croatian economy. After a stagnation of real economic activity in 2011 (0.0 %), in 2012 the recession deepened again, with the GDP recording a real decline of 2.0 %. In the first half of 2013, the GDP was reduced by 1.1 % compared to the same period in 2012. The quarterly gross domestic product for the fourth

<sup>10</sup> Source: Statistical data 2013, Croatian Bureau of Statistics, Zagreb, 2013

<sup>11</sup> Source: Population projections for the Republic of Croatia from 2010 to 2061, Croatian Bureau of Statistics, Zagreb, 2011

quarter of 2013, according to first estimates, was reduced by 1.2 % compared to the same quarter in 2012. First estimates show that the gross domestic product decreased by 1.0 % in 2013 compared to 2012.

Graphic presentation: trends of the GDP per year <sup>12</sup>



The **fiscal control of the European Commission** over the member states is based on reports on the excessive budget deficit and general government debt. The Maastricht Treaty established two main criteria of fiscal control: the share of the budget deficit of the general government of a member state cannot exceed 3 % of its GDP, and the general government gross debt cannot exceed 60 % of its GDP. This report is submitted to the European Commission (Eurostat) twice a year – at the end of March (the April Report) and at the end of September (the October Report). The report refers to the period of the last four years and for the current year, in which data for the current year are based on projections of the Ministry of Finance. National statistical offices are obliged to publish the report on their websites. In 2012, the budget deficit of the general government amounted to HRK 16,349 million or 5.0 % of the GDP, and the general government gross debt amounted to HRK 183,273 million or 55.5 % of the GDP. According to projections of the Ministry of Finance, in 2013, the budget balance of the state budget amounted to HRK 12,244 million or 3.6 % of the GDP, and the general government gross debt amounted to HRK 190,388 million or 56.6% of the GDP.<sup>13</sup>

In the period up to 2016, a recovery of the economic activity and acceleration of the real GDP growth is expected. The European Commission predicts<sup>14</sup> a mild GDP growth of 0.5 % in 2014 and 1.2 % in 2015.

The **annual inflation rate**, measured with the consumer price index, amounted to 0.1 % in January of 2014. Compared to December of 2013, consumer prices decreased by 0.1 %.

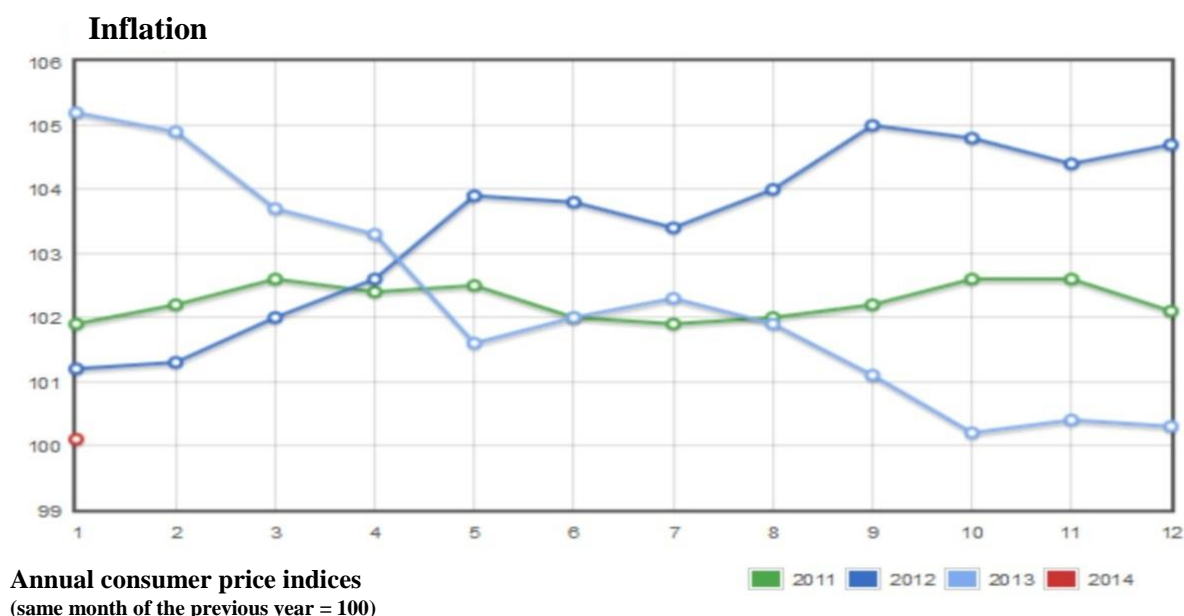
<sup>12</sup>Source: Croatian Bureau of Statistics, First estimate of the quarterly gross domestic product for the fourth quarter of 2013, 28 February 2014

<sup>13</sup>Source: Croatian Bureau of Statistics, Communication 12.1.5. of 21 October 2013

<sup>14</sup>Source: European Economic Forecast. Winter 2014; European Commission, 25 February 2014

In December of 2013, the prices of goods and services for personal consumption, measured with the consumer price index, decreased at an average by 0.2 % compared to November of 2013, and are 0.3 % higher compared to December of 2012. The annual average shows an increase of 2.2 %.<sup>15</sup>

Graphic presentation: Trends of the consumer price index



In the second half of 2013, the average gross salaries recorded a nominal year-on-year drop of 0.2 %, remaining on the same level in real terms, whereas the average net salary recorded a year-on-year nominal increase of 0.3 %, and a real increase of 0.5 %. The average net salary for December of 2013 amounted to HRK 5,556.

**Labour market trends** in 2013 point to the continuation of negative trends, which is the direct result of the economic situation. In the last five years, registered employment recorded a sharp decline. In the period between August 2008 and August 2013 the number of employed persons decreased by 10.6 %. In absolute numbers, 165,740 workplaces were lost. The decline was most expressed in 2009 and 2010, and somewhat milder in 2011 and 2012.

Table: Employment rate: European Union and the Republic of Croatia

|                     | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------|------|------|------|------|------|------|------|------|------|------|
| European Union      | 62.6 | 62.7 | 63.4 | 64.3 | 65.3 | 65.7 | 64.5 | 64.0 | 64.1 | 64.1 |
| Republic of Croatia | 53.4 | 54.9 | 55.0 | 55.6 | 57.1 | 57.8 | 56.6 | 54.0 | 52.4 | 50.7 |

## 2.2. State of poverty and social exclusion and income inequality<sup>16</sup>

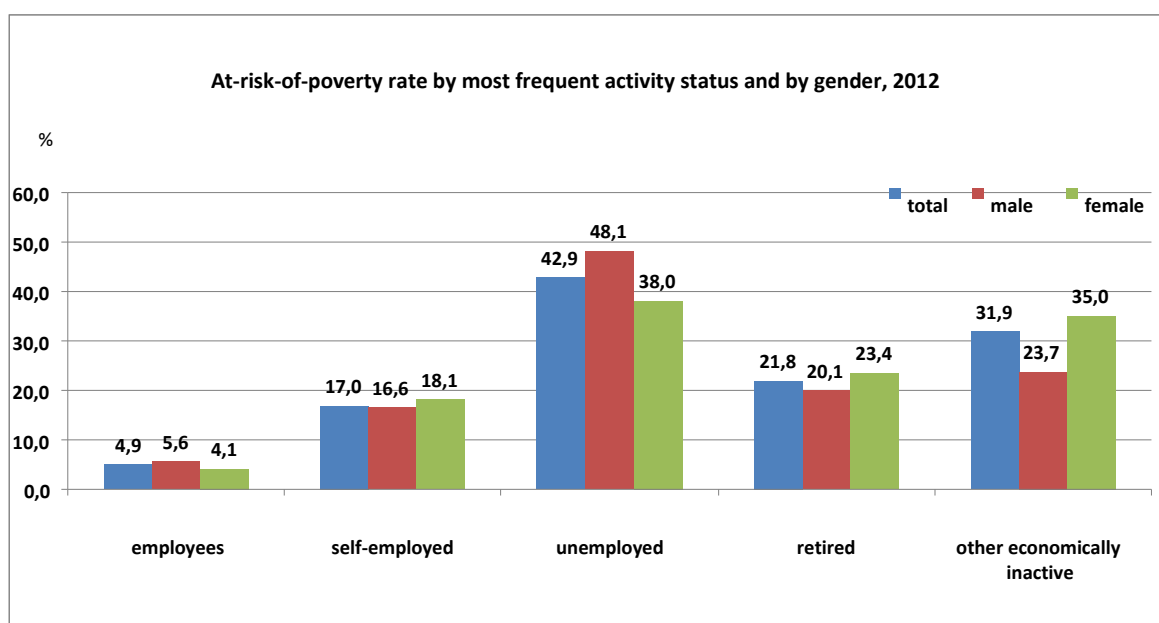
<sup>15</sup>Source: Croatian Bureau of Statistics, Communication 13.1.1/12. of 15 January 2014

<sup>16</sup> Croatian Bureau of Statistics: Poverty indicators in 2012, Final data

In 2012, the **at-risk-of-poverty rate** (after social transfers), as the basic indicator of poverty that represents the percentage of people that have an available equivalent income under the risk-of-poverty threshold, amounted to **20.5 %** in the Republic of Croatia. In 2011, this rate amounted to 21.3 %. The comparison of the basic at-risk-of-poverty rate and the at-risk-of-poverty rate before social transfers demonstrates that the removal of social transfers from the income increases the percentage of people at risk of poverty from the basic 20.5 % to a rate of 30.4 %. If both social transfers and pensions are removed from the income, the-risk-of-poverty rate amounts to 45.7 %.

According to age groups, the at-risk-of-poverty rate is the highest among **persons aged 65 and above and amounts to 26.5 %**. The lowest risk-of-poverty rate is recorded among the population between the ages of 25 and 54 and amounts to 17.1 %.

According to the **most frequent activity status**, the at-risk-of-poverty rate is highest for **unemployed persons** and amounts to **42.9 %**. For unemployed men it amounts to 48.1 %, and for unemployed women 38.0 %. For employed persons, the at-risk-of-poverty rate amounts to 6.1 %, and for pensioners 21.8 %.



Viewed by **household type**, the at-risk-of-poverty rate is the highest for single female households, amounting to 42.7 %, and for single person households of those aged 65 and above – 41.3 %. In the category of households with dependent children, the highest at-risk-of-poverty rate was recorded for single parent households, where it amounts to 40.4 %. The lowest at-risk-of-poverty rate is recorded for households comprising three or more adult persons and amounts to 12.9 % and for households comprising two adult persons with one child – 15.1 %.

Viewed according to the **work intensity of household members**, the **at-risk-of-poverty rate** is greatest for the households with dependent children and a very low work intensity, that is households whose working-age members worked up to 20 % of the total number of months during the reference period, amounting to 70.6 %.

**Material deprivation indicators** point to the material circumstances that influence the quality of life of households. The percentage of persons living in households unable to pay for a one-week vacation for all members of the household amounts to 71.1 %. The percentage of people living in households unable to pay for an unexpected financial expense amounts to 67.3 %. Only 0.3 % of people live in households that have no difficulties with “making ends meet”, whereas 33.8 % of people live in households that have difficulties with “making ends meet”. **The material deprivation rate** shows the percentage of persons living in households that cannot afford, exclusively due to financial reasons, at least three out of nine items of material deprivation. In 2012, the material deprivation rate in the Republic of Croatia amounted to **35.3 %**. The indicator showing the percentage of persons living in households that cannot afford, exclusively due to financial reasons, at least four out of nine items of material deprivation (**persons in severe material deprivation**) amounts to **15.4 %**.

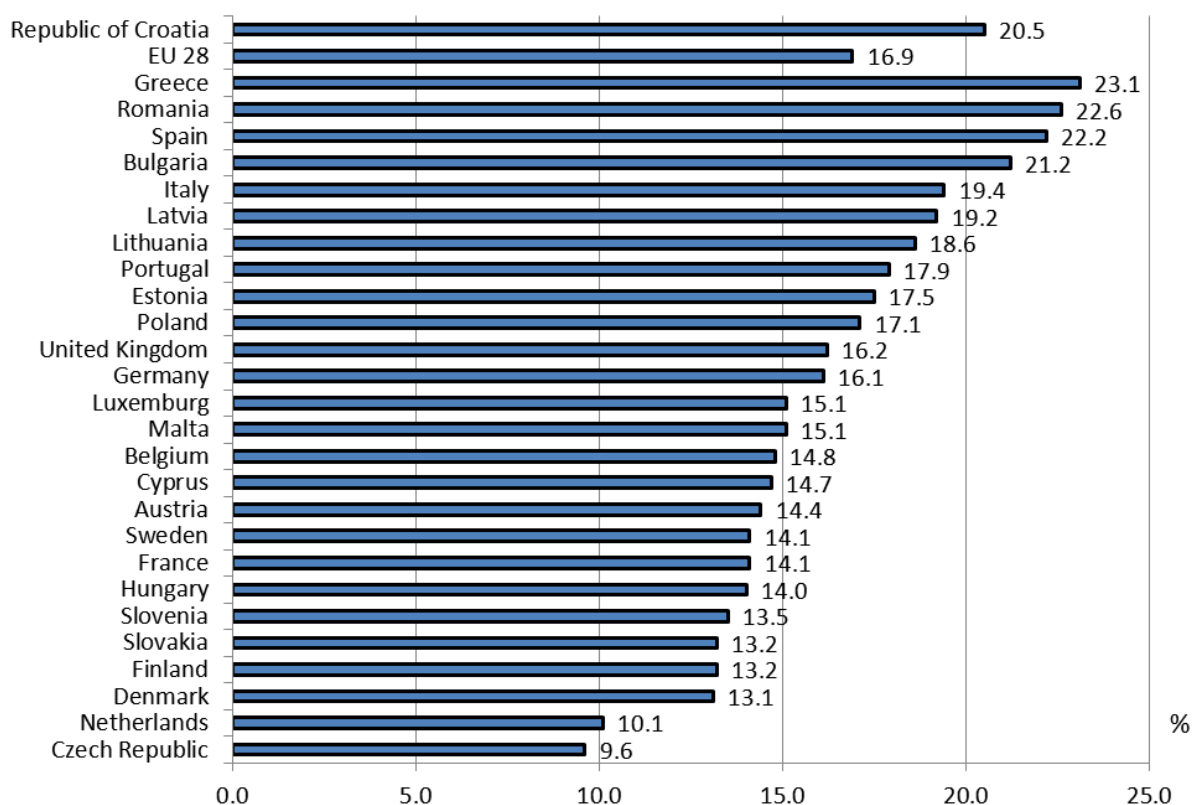
**The percentage of persons at risk of poverty or social exclusion** is an indicator that represents the percentage of persons that are at risk of poverty or live in severe material deprivation or live in households with a low work intensity. In 2012, this percentage amounted to **32.3 %**.

**The percentage of persons living in households with a very low work intensity** (the indicator representing persons who live in households whose working-age members have worked less than 20 % of the total number of months in the reference period) amounted to **16.1 %**.

The **Gini coefficient** is an indicator showing income distribution inequality and amounts to **0.31**. If perfect equality existed (if each person received the same income), the coefficient would amount to 0. The closer the value is to 1, the greater the income inequality. It has not changed in the last three years and is equal to the Gini coefficient of the EU 28 average.

The average at-risk-of-poverty rate for EU 28 countries, according to estimates of Eurostat, amounts to **16.9 %**. The EU member countries with the lowest at-risk-of-poverty rate are the Czech Republic with 9.6 % and the Netherlands with 10.1 %. The highest at-risk-of-poverty rates are recorded in Greece (23.1 %), Romania (22.6 %), Spain (22.2 %) and Bulgaria (21.2%).

**Graphic presentation: At-risk-of-poverty rate, comparison of EU member countries and the Republic of Croatia, 2012<sup>17</sup>**



### 2.3. Social protection in the Republic of Croatia

Social protection includes all interventions of public or private bodies aimed at alleviating the financial burden of households and individuals from a defined series of risks and needs, provided that there is no simultaneous reciprocal or individual counterperformance (an intervention that seeks something of identical value in return from the beneficiary of social protection)<sup>18</sup>.

**Table: Structure of social expenditures in the RoC, according to ESSPROS methodology (% of the GDP)**

|   | RoC<br>2008 | RoC<br>2009 | RoC<br>2010 | RoC<br>2011 | EU27<br>2009 | EU27<br>2010 | EU27<br>2011 |
|---|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| <b>Total social protection expenditures</b>                         | 18.7        | 20.8        | 20.8        | 20.4        | 29.5         | 29.4         | 29.0         |
| <b>total expenditures for social benefits according to function</b> | 18.2        | 20.3        | 20.3        | 20.0        | 28.4         | 28.2         | 27.8         |
| sickness/health care  | 6.3         | 7.1         | 6.9         | 6.8         | 8.4          | 8.3          | 8.2          |
| disability  | 3.2         | 3.5         | 3.6         | 3.4         | 2.3          | 2.2          | 2.1          |
| old age   | 4.9         | 5.4         | 5.6         | 5.6         | 11.1         | 11.0         | 11.1         |
| survivors   | 2.0         | 2.1         | 2.1         | 2.0         | 1.7          | 1.7          | 1.6          |
| family/children   | 1.5         | 1.6         | 1.7         | 1.6         | 2.3          | 2.3          | 2.2          |

<sup>17</sup> Source: Eurostat

<sup>18</sup> Croatian Bureau of Statistics, Communication, Social protection in the Republic of Croatia in 2011, 28/5/2013

|   |     |     |     |     |     |     |     |
|---|-----|-----|-----|-----|-----|-----|-----|
| unemployment                              | 0.3 | 0.4 | 0.5 | 0.5 | 1.7 | 1.7 | 1.6 |
| housing                                   | 0.0 | 0.0 | 0.0 | 0.0 | 0.6 | 0.6 | 0.6 |
| social exclusion not elsewhere classified | 0.1 | 0.1 | 0.1 | 0.1 | 0.4 | 0.4 | 0.4 |

Source: for the Republic of Croatia: Croatian Bureau of Statistics. For the EU27: Eurostat.

In 2011, the **share of social protection** in the GDP of the Republic of Croatia amounted to **20.4 %**, which is a decrease of 0.4 % compared to 2010. The reduction is a result of the increase of the gross domestic product in 2011, whereas in absolute terms, the social protection expenditures remained almost unchanged compared to 2010.

Social protection benefits comprised 97.9 % of the total social protection expenditures in 2011. According to type of social benefits, cash benefits are the most common type (69.6 %). According to characteristic, social protection benefits (in cash and in kind) not based on a means test are the most common (93.1 %).

According to function of social protection, the greatest share of social protection benefits was spent for alleviating the financial burden from the risk of sickness, that is for health care needs (33.9 % of all social protection benefits), followed by "old age" (27.9 %). The least amount of funds was spent for "housing" (0.1 %).

It should be particularly pointed out that, regardless of the increase of the share of social protection expenditures, the social protection expenditures share within the field of social welfare services decreased from 2.0 % of the GDP in 2008 to 1.8 % of the GDP in 2011, with an additional real reduction of the GDP during this period.

Table: Social protection expenditures (% of the GDP)

| Year   | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------|------|------|------|------|
| total expenditures                                 | 19.0 | 21.1 | 21.5 | 21.0 | 20.8 |
| activities and services of the health care system  | 5.6  | 6.2  | 6.4  | 6.2  | 6.2  |
| activities and services of social insurance        | 10.9 | 12.1 | 12.7 | 12.5 | 12.5 |
| social welfare activities and services             | 2.0  | 2.2  | 1.9  | 1.8  | 1.8  |
| other costs of social insurance and social welfare | 0.5  | 0.5  | 0.4  | 0.4  | 0.3  |

Source: Ministry of Finance (classification according to GFS Manual 1986, MMF)

Comparing data on the share of social protection expenditures in the national GDP with the share of such expenditures in the GDP of EU member countries, the Republic of Croatia ranks **18<sup>th</sup>**, lagging by 8.6 percentage points behind the average of the EU-27.

### 3. STRATEGIC FRAMEWORK

#### 3.1. Definitions of poverty and social exclusion

The terms poverty and social exclusion are mutually dependent and connected, although they do not necessarily condition each other. Although poverty is not equated with social exclusion, it is most often considered its most common cause and form. Social exclusion is most commonly associated with the terms poverty, unemployment, inequality and discrimination, which means it also concerns issues of exercising human rights.

People are considered poor if they do not have enough financial means for their material needs and if conditions exclude them from active participation in activities considered usual in society. Poverty thus manifests itself in different ways, including the lack of income and means necessary to ensure sustainable existence, hunger and malnutrition, poor health, lack of access or restricted access to education and other basic services, increased mortality, including mortality from disease, homelessness and inadequate housing conditions, an unsafe environment, social discrimination and isolation. The multidimensionality of poverty manifests itself in conditions marked by a long-term or constant lack of resources, capacities, possibilities of choice, safety and power, which are necessary for a suitable living standard and achievement of other civil, economic, political, cultural and social rights<sup>19</sup>.

The term **poverty** is mostly defined as a lack of material or financial assets, whereas the term **social exclusion** represents a wider meaning that "needs to be understood as a relatively permanent, multiply conditioned and multidimensional deprivation of an individual", and "involves more than a shortage of money or material goods, and in addition to the economic it includes social, cultural, political and other dimensions, which means that anti-exclusion policies presume a better access to institutions and other mechanisms of social integration."<sup>20</sup>

The European Commission defines social exclusion as a process that pushes individuals to the margins of society and prevents them from fully participating in society due to personal poverty, a lack of basic competences, chance for lifelong learning or due to discrimination. It is affected by a series of different and interconnected factors, such as regional inequality, unemployment, poor professional or social skills, low income, bad housing conditions, belonging to a minority group, etc, and it includes the inability of the individual to access public services, to participate in community life and to function in society with a feeling of personal dignity.

### 3.2. Most vulnerable population groups and access to fundamental rights

Poverty is as a rule connected to a specific demographic and social characteristic such as gender, age, economic activity, etc. and is conditioned by different social and political factors, which is why some groups are particularly represented among the poor.

This Strategy, based on research conducted by the UNDP<sup>21</sup> and the experience from the implementation of the Joint Inclusion Memorandum differentiates among several areas of exclusion:

- **exclusion based on economic status** (poor, unemployed, especially long-term unemployed, homeless, returned emigrants and displaced persons, migrants, especially asylum seekers and foreigners under subsidiary protection, persons who lives on islands and in rural areas);
- **exclusion based on family structure** (single-person households, single-parent families, children without parental care, families with more than two children);
- **exclusion based on identification** (national/ethnic/racial/religious minorities, sexual and gender minorities);
- **exclusion based on age** (children, young people and older persons and pensioners);
- **exclusion based on the perpetration of crime** (prisoners/former prisoners, a child and young adult with behavioural disorders, victims of crime, especially human trafficking victims and victims of domestic violence);

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<sup>19</sup> Scottish Poverty Information Unit (BBC, 2005), cited according to: Bejaković, Financial theory and practice, 2005, 29 (1), 135-138

<sup>20</sup> Šućur, Poverty, unemployment and social exclusion, UNDP, Zagreb, 2006

<sup>21</sup> Poverty, unemployment and social exclusion, Editor in chief Nenad Starz, United Nations Development Programme, Zagreb, 2006

- **exclusion based on education** (persons with low levels of education, young people who discontinued their education too early);
- **exclusion based on a medical condition** (mentally ill people, persons infected with HIV, suffering from AIDS, infected with Hepatitis C, persons with alcohol addiction, gambling addiction and narcotic drugs addiction, persons suffering from genetic and chronic diseases);
- **exclusion based on disability** (persons with physical and sensory disability, persons with mental/intellectual disabilities).

In principle, considering the causes of poverty and social exclusion are most often multidimensional, groups at an increased risk of social exclusion can be differentiated according to the cause of their exposure to the risk of poverty, but in reality these categories always overlap.

The profile of poverty and structure of the sources of income show that the poorest citizens are **economically inactive, unemployed or receive low salaries** (*unemployed, older persons without pensions, single-person households, single-parent families, families with more than two children, children without adequate parental care, elderly women, persons with low-level education*). With the financial crisis, the risk of poverty is increasing **among the better educated population, young people and the economically active population** as well. Statistical data obtained via the Labour Force Survey (Croatian Bureau of Statistics) on the number of the unemployed in the 15-24 age group shows an unemployment rate of 59 % in the first quarter of 2013, which is a 13.8 % increase compared to the same period in 2012.

Young people are in a more unfavourable position on the labour market compared to other groups of unemployed persons, and they bear a great portion of the consequences of the economic crisis. They often depend on temporary and poorly paid jobs, suffer from the greatest increase in unemployment and are, therefore, exposed to a deterioration of living conditions. Young people without higher education and work experience face the biggest difficulties in finding their first job.

**Persons with disabilities**, who with 12 % of the total population have a high rate of representation in the Croatian society, are differentiated with regard to the type and degree of disability. With regard to social exclusions, the most endangered group are **children with developmental difficulties**.

The economic crisis has impacted **children** particularly negatively (in two years, the number of poor children increased by 4,000 or 10 %).

A special category of citizens who are at risk of social exclusion is a portion **part of the Croatian Homeland War veterans and a part of the war victims and members of their families**, who are faced with issues like poverty, disability, unemployment, illness, unresolved housing issues, aggravated social contacts, etc. Recently, a number of war veterans was recorded in shelters, who due to psychological problems (PTSD and mental health problems) and other reasons, such as a lack of necessary documents, are not in the position to exercise many of their rights, lack family support, etc. The experience of the Homeland War that the Republic of Croatia has gone through has had direct and indirect consequences both for individuals and indirect participants and victims of the Homeland War as well as the society at large.

**Refugees and returned emigrants** still rank high among poor and discriminated persons. Their position is additionally aggravated by the fact that they are mainly older people residing in rural area, and are therefore removed from social support networks.

The **Roma** (16,975 inhabitants/2011 census) represent one of the most vulnerable groups with respect to discrimination and social exclusion because they receive lower average levels of education, live in poor housing conditions and are mainly unemployed. In spite of the continuous increase of investments of the Government of the Republic of Croatia in process

of including the Roma people, a permanent and sustainable effect was not fully achieved. Therefore, measures for the further decentralisation of the implementation of policies and measures, with a clearer elaboration of priorities on local levels, are necessary, especially through the implementation of integrated development programmes in local communities.

**Migrants** also represent a vulnerable group in the Republic of Croatia, especially asylum seekers and foreigners under subsidiary protection. The increase in the number of asylum seekers in the Republic of Croatia began in 2010, when 290 asylum seekers were recorded; in 2011 this figure increased to 807, whereas in 2012 it amounted to 1,195. In 2013, 1,089 asylum seekers were recorded. Until now, 58 asylums and 51 subsidiary protections were approved in the Republic of Croatia.

Furthermore, the **homeless** are also a vulnerable group faced with poverty and social exclusion. In 2013, 12 homeless' shelters were active in the Republic of Croatia, with a total accommodation capacity of about 400.

**Persons exposed to over-indebtedness and usurious loans** are also faced with poverty or social exclusion. According to available data<sup>22</sup>, the downward trend of borrowing by individuals continued, though at a diminished rate, in late 2012 and early 2013, so the total debt of the population stagnated at a level just below 40 % of the GDP. Indicators of indebtedness and the burden of debt repayment of households continued to improve at the end of 2012 and the beginning of 2013. A part of the poor population is excluded from access to financial services, which is why some of them become victims of usury.

**Victims of domestic violence** and some categories of **addicted persons** (drug, alcohol, gambling addicts) are very often exposed to social exclusion and poverty as well.

**Former prisoners** are also in a vulnerable position, who after serving their prison sentence and returning to their local community are often faced with stigmatization and social exclusion.

Considering the mutual conditionality and overlapping of the above parameters, four main groups can be pointed out that are at the greatest risk of poverty and social exclusion:

- **children and young people,**
- **older persons and pensioners,**
- **unemployed persons**
- **persons with disabilities.**

Issues of social exclusion in their different forms as well as discrimination by society and individuals are present in all above groups. It should be pointed out that all stakeholders in the implementation of the Strategy should be led by the principle that in the realization of all measures and activities, regardless of the specific target group and category of population or type of aid, they primarily need to take into account **specific individuals** and their individual needs.

"Promoting joint collective and individual responsibility in the fight against poverty and social exclusion"<sup>23</sup> is one of the guidelines of the policies of the European Union, as well as of the Government of the Republic of Croatia. **Social exclusion** of individuals or groups is often

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<sup>22</sup> Croatian National Bank (2013) Financial Stability, number 11. Zagreb: Croatian National Bank. Available at: <http://www.hnb.hr/publikac/financijska%20stabilnost/h-fs-11-2013.pdf>

<sup>23</sup> European Platform against Poverty and Social Exclusion: European Framework for Social and Territorial Cohesion, EC, 2010

the **result of discriminatory actions**. In the Republic of Croatia, **protection against discrimination** is legally and institutionally regulated. In the **legal** sense, this field is regulated by the Constitution of the Republic of Croatia, Constitutional Act on the Rights of National Minorities, Anti-Discrimination Act, Labour Act, Gender Equality Act, Act on Same-Sex Unions, Criminal Code, etc. The Office of the Ombudsperson, as a central body competent for anti-discrimination, which monitors and follows cases of discrimination in the Republic of Croatia, stated in its 2012 report that racial or ethnic origin is the most common basis of discrimination in discrimination complaints submitted by Croatian citizens (29.7 %), mostly in the field of labour, labour conditions and employment (46.53 %). The Anti-Discrimination Act, along with the Ombudsperson, prescribes that for dealing with discrimination complaints submitted by Croatian citizens, the following special ombudspersons are competent: Gender Equality Ombudsperson, Ombudsperson for Persons with Disabilities and the Children's Ombudsperson, depending on the basis of discrimination in question.

Based on the observed needs and challenges with regard to the **social inclusion and anti-discrimination** of all vulnerable groups at all levels - local, regional, national and the level of the European Union, including the Europe 2020 Strategy, the Government of the Republic of Croatia passed several **strategic documents** that contain general and specific objectives set as guidelines for the creation of public policies aimed at the socio-economic **inclusion of individual vulnerable groups**. In doing so, particular emphasis is put on financing from all available sources, methods of monitoring and evaluating the carried out activities, including data collection, mechanisms of involving the local and regional self-governments as well as civil society. Therefore, documents such as the National Strategy of Roma Inclusion 2013-2020, National Programme for the Protection and Promotion of Human Rights 2013-2016, Migration Policy of the Republic of Croatia 2013-2015 or the National Anti-Discrimination Plan 2008-2013 can be considered complementary to this Strategy, and their goals, measures and activities an integral part of the efforts of the Republic of Croatia for achieving inclusion of the most vulnerable members of society.

It should also be pointed out that the implementation of the new **Act on Free Legal Aid** ("Official Gazette", number 143/2013) is a precondition for ensuring the right of access to courts, as one of the fundamental human rights, as well as for ensuring the rule of law. The Act will improve the system of free legal aid, by clearly defining authorised providers of legal aid, widening the circle of free legal aid beneficiaries and improving the system of providing primary and secondary legal aid.

It is necessary to **continue to raise the awareness of the general public on the applicable anti-discrimination legislation** in the Republic of Croatia and stimulate its efficient application, **continue the training of experts** that deal with the prevention of discrimination and stimulate and improve the cooperation of all competent authorities and civil society organisations that deal with this issue.

### **3.3. Purpose, goals and principles of the Strategy**

**The purpose of the Strategy** is to achieve, by a common approach, that the minimum living standard is ensured for the most endangered part of the population and that conditions are ensured for the prevention of new poverty and social exclusion occurrences. In this sense, the Strategy represents the basic framework which contributes to the achievement of the defined goals and is compatible with the **European platform against poverty and social exclusion**. The Strategy provides basic guidelines and activities in particular strategic areas which will be elaborated through **three-year implementation programmes** containing *measures*,

*designated competent authorities and measure implementation modalities, along with clear quantitative indicators.* The ministry competent for social policy, in cooperation with other competent state administration bodies and other institutions and organisations, will submit annual reports on the implementation of the Strategy, i.e. of the planned strategic activities, to the Government of the Republic of Croatia.

**Goals of the Strategy** for Combating Poverty and Social Exclusion are compatible with the objectives of the European strategy for smart, sustainable and inclusive growth – Europe 2020, which are related to the Millennium Development Goals: eliminating poverty among children; active integration of vulnerable groups into society and the labour market; ensuring appropriate housing for all; preventing and eliminating causes of discrimination against vulnerable groups; preventing financial exclusion and overindebtedness; ensuring Roma inclusion; and other goals specific for particular strategic areas.

Regarding the statistical monitoring of the poverty rate, the Croatian Bureau of Statistics (CBS) will be calculating indicators according to two poverty lines: "**variable**" (60 % of the median national income) and "**fixed**" (the poverty line will be determined and fixed in 2012 and adjusted in accordance with the inflation rate).

Strategic programme activities will focus on **three priorities and primary objectives**:

**1. Ensuring the conditions for a successful fight against poverty and social exclusion and for reducing inequalities in the society**

- in accordance with the main goal of the Europe 2020 strategy, the Republic of Croatia will aim to *reduce the number of persons at risk of poverty by 150,000 by 2020* (in accordance with the current socio-demographic trends, and assuming that the economy will grow, the labour market trends will be positive and the conditions for the opening of new workplaces will be ensured, the measures oriented towards the long-term unemployed and other vulnerable groups (*the youth, persons with disabilities, the Roma*) will be created, and additional efforts will be invested in the increase of adequacy of social benefits in the social welfare system, the uniform availability of the educational, health care, social welfare and other services, the availability of housing, the reduction of regional differences and the prevention of indebtedness and financial dependence, we estimate that the number of persons who live at risk of poverty and social exclusion will be reduced by 150,000 by 2020);
- increasing the share of population aged 30 - 34 with completed *tertiary education* by 35 %;
- reducing the rate of unemployment and of insufficient participation on the labour market, *increasing the employment rate to 59 % by 2020*;
- reducing the share of *early school drop-outs* from 4.1 to 4.0 % by 2020.

**2. Ensuring the conditions for the prevention of formation of new categories of the poor, as well as reducing the number of poor and socially excluded persons**

- *ensuring the conditions for providing high-quality and accessible services for children from the earliest age/preschool services, extracurricular activities, primary and secondary-school education, incentives for higher education and lifelong learning/ as well as ensuring high-quality and accessible social services for all citizens* (social welfare, health care, education);
- creating opportunities for *raising the employment rate* of working-age persons and increasing the employability of disadvantaged groups;

- *housing policy development* (ensuring affordable apartments for the youth and the socially endangered, protecting the real estate in which a person lives...) and homelessness prevention;
- *developing innovative programmes* in all fields (social innovation), as well as developing new work skills and *greater use of EU funds*.

### **3. Establishing a coordinated system of support for groups at risk of poverty and social exclusion, as well as a monitoring and evaluation system**

- *establishing coordination and cooperation* at all levels for the purpose of harmonising policies and establishing a data collection and exchange system;
- *ensuring high-quality analysis and research* for the purpose of enabling the monitoring and evaluation of implementation measures to serve as a foundation for the adoption of strategic decisions and policy making in accordance with the European and global standards.

**Principles** which have to be observed in the achievement of goals of the Strategy and the implementation of measures and activities following from it:

- multidimensional approach to dealing with the problem of poverty,
- solidarity and the principle of non-stigmatisation,
- subsidiarity principle,
- objectivity in the planning of measures based on indicators that are as clear as possible,
- coordination and equal and synergetic participation of all stakeholders in Strategy preparation and implementation,
- innovative social policy approach and testing the application of innovative approaches to social services financing, including the participation of the private sector and financial instruments such as microfinancing and social entrepreneurship.

Considering that poverty and social exclusion are multidimensional categories, the fight against them, as well as their prevention, will include **several strategic areas**, as well as **all relevant stakeholders** who can contribute to the achievement of conditions for permanent reduction and prevention of poverty and social exclusion.

The implementation of this Strategy will be financed from the State Budget of the Republic of Croatia in the period 2014-2020, as well as by structural instruments of the European Union cohesion policy, from international funds and by other available means.

## **4. STRATEGIC AREAS IN THE FIGHT AGAINST POVERTY AND SOCIAL EXCLUSION**

To achieve the three specified priorities and the corresponding primary objectives, activities have been envisaged within **eight strategic areas**: education and lifelong learning; employment and access to employment; housing and the availability of energy; access to social benefits and services; access to the healthcare system; care for the elderly; fight against indebtedness and financial independence; balanced regional development.

#### 4.1. Education and lifelong learning

The education and science policy will be adjusted to the current and future needs of the society and of the individual, as well as to labour market requirements, in the direction which will ensure each individual a high quality of life. Special attention should be paid to the **early stages of education**. This is where social inequalities begin, and the investment in the development of those early stages of education pays off many times over.<sup>24</sup>

At-risk-of-poverty rate of children is in correlation with the parents' level of education. According to Eurostat data (of 15 July 2013) for three age groups of children (under 6, 6 to 11 and 12 to 17) and three levels of education of parents according to ISCED97 (levels 0-2, 3-4 and 5-6), when compared to the European Union, the Republic of Croatia has significantly worse results. Thus, for example, the at-risk-of-poverty rate of children aged from 12 to 17 whose parents have completed the 0-2 education level (completed elementary school as the highest level of education) amounts to 57.2 % in the European Union, but 76.2 % in the Republic of Croatia.

Early integration into the system of education is of key importance for the subsequent success of the child in the educational system. The current plans include the introduction, from school year 2014/2015, of a system of obligatory preschool education one year before the regular start of school for all children. Furthermore, the possibility of **vertical mobility in the educational system** will be encouraged, which has been a problem for students who attended three-year programmes at vocational education and training schools. They have been given the opportunity to continue their education in four-year programmes free of charge which enables them to take the national secondary school leaving examination and enrol into universities. The implementation of the measure of **co-financing intertown public transport** for students will be continued, which will make education more accessible to all students, especially those from underdeveloped areas.

Special attention will be paid to the integration of students - members of national minorities, especially the Roma, into the educational system. **Material support** for the **members of the Roma national minority** is ensured for preschool, primary-school and secondary-school education, as well as for higher education and adult education. Also, according to the issued legislative and strategic documents, for the purpose of integrating the refugees and foreigners with approved protection it will be insisted on the implementation of Croatian language learning programmes **for asylum seekers, asylum grantees and foreigners under subsidiary protection**. This is one of the most important measures to ensure integration and prevent discriminating treatment and behaviour towards the immigrants, as well as to ensure them access to the secondary-school education system and the adult education system.

**Children with developmental difficulties** fall under one of the most-at-risk groups in terms of poverty and social exclusion. For this reason, further work will be done to design measures which will enable such students to obtain qualifications and, in general, to be integrated into the educational system. 18,816 (5.61 %) students with developmental difficulties are currently schooled at the primary-school and secondary-school level at regular schools and special institutions, whereas the preschool education programmes include 4,956 (3.23 %) children with developmental difficulties, of which only 2,249 (1.58 %) are co-financed.

In order to make it easier for students to master the course material, it is planned to ensure the **financing of teaching assistants and the establishment of a support system**, whereas the

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<sup>24</sup> Towards the social investment for growth and cohesion – including the implementation of the European Social Fund for the period 2014-2020; Rev. soc. polit., year 20, no. 2, p. 167 - 190, Zagreb 2013

**employment of expert assistants** in children's day-care centres is planned for smaller and rural areas.

With regard to **higher education**, special attention will be dedicated to the social dimension of studying and the increase of the completion percentage. In this context, the activities to be implemented will aim to **reduce the dropping out of studies before the attainment of qualifications**, as well as to **facilitate access** to studies for all students in order to create conditions for participation and successful completion of studies without any obstacles related to their social or economic status. To achieve this goal, public higher education institutions have enabled successful and regular students to **study free of charge**, and the subsidising of the costs of studying for regular students also ensures easier access to higher education to students in poor financial standing, as well as students with disabilities. Considering that allocations for indirect student support, except for residential support, do not take the socioeconomic status of students into consideration, it is planned to establish a model in which a greater amount of resources would be intended for direct financial support to students. Students in Croatia receive direct supports in the form of scholarships. A relatively small number of students receive them (6 % of the student population). Therefore, the status of students in poor financial standing, as well as of students with developmental difficulties, will be additionally improved by the **development of the scholarship system**, which will especially rely on EU funds (ESF)<sup>25</sup>. Other business entities will also be encouraged to earmark funds for scholarships. Finally, the Republic of Croatia will continue to participate in the future phases of the EUROSTUDENT survey with the aim of creating an up-to-date longitudinal database on the socioeconomic status of students.

**Lifelong learning** is a precondition for employability and sustainability on the labour market and the fulfilment of personal potential and development of active citizenship. A significant role in the implementation of the lifelong learning policy belongs, among other, to **adult education**, which represents an important component of the lifelong learning continuity. The share of persons between the ages of 25 and 64 participating in education and training in the Republic of Croatia is only 2.9 %, whereas the European average is 8.9 %. The rate of adults participating in non-formal education is higher than their rate in formal education. The measure for stimulation and improvement of the lifelong learning concept places particular emphasis on adult education, considering that, compared to the younger age groups, which are more involved in learning activities, the adults' access to and the participation in lifelong learning activities is not satisfying. Persons without qualifications or specific competences have a lower possibility of employment and are at greater risk of social exclusion, and thus also of poverty. For this reason, the activities will focus on the stimulation of adult elementary education and training, which includes activities for increasing the number of adults covered by the spread of literacy project and increasing the share of persons involved in programmes for attaining qualifications.

A very important link between the educational system and the labour market is the **Croatian Qualifications Framework (CROQF)** the development of which will continue in the following period. The lack of an education quality assurance system results in an educational supply which fails to meet the **labour market demand and the requirements for the continuation of education** many times over. Educational programmes created in accordance with the CROQF are characterized by their focus on learning outcomes, i.e. on what the pupil/university student knows and on the work skills he possesses. In this context, all forms of acquisition of competences, including non-formal and informal learning, i.e. the

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<sup>25</sup> European Social Fund – see chapter 5.2.

competences acquired through life, at the workplace or through different other organised or unorganized forms of learning, are equally important for the CROQF, with the obligatory introduction of an education quality control system. For that purpose, the CROQF Register will be established as the central quality assurance element. It will provide information on occupational standards, qualifications standards and the corresponding learning outcomes.

One of the methods for the prevention of social exclusion is to raise the society's awareness on the citizens' rights and duties. In this sense, the introduction of **human rights education** in the teaching curricula is of immense importance, and it is especially important to address topics which will aim to overcome prejudice and discrimination against socially vulnerable groups, such as all types of minorities, to prevent violence and to promote intercultural activities.

All the activities indicated will result in a greater reach of the educational system and an education which is suited to the current labour markets needs. This will eventually enable better employability and a reduction of the risk of poverty and social exclusion. The measures described herein are compatible with other Croatian strategic documents and do not exclude the implementation of additional measures and activities described in those strategic documents, especially in the draft Strategy of Education, Science and Technology.

|                                   |
|-----------------------------------|
| <b>Main strategic activities:</b> |
|-----------------------------------|

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|---|
| <p><b>1. Increasing the availability of education at all levels, regardless of the economic status of an individual:</b> enabling the ballanced development of preschool education for all children by extending general compulsory education; increasing the share of children members of the Roma national minority in the preschool and primary school education programmes; ensuring the availability of textbooks to students in poor social and financial standing; ensuring the payment of expenses for extended and whole-day stay in elementary school; subsidising intertown transport for high-school students, as well as special transport; increasing the share of students in poor social and financial standing who complete their studies at higher education institutions in the Republic of Croatia; maintaining the system of subsidies covering the costs of studying for all successful students; increasing the number and amounts of scholarships granted in different categories; enabling vertical mobility in the education sector, especially in vocational education and training.</p> |
| <p><b>2. Stimulating inclusive education through the inclusion of children and students with developmental difficulties into the regular education system;</b> using ESF resources to increase the number of projects oriented towards the support to the inclusion of children and students with developmental difficulties; establishing a system of scholarship grants for students with developmental difficulties with the help of the ESF by 2016.</p>  |
| <p><b>3. Improving the quality of education at all levels:</b> by developing and implementing the Croatian Qualifications Framework and establishing the CROQF Register; increasing the number of prepared and adopted new curricula based on learning outcomes; establishing a system of recognition and evaluation of non-formal and informal learning; establishing and improving the quality control system at all levels of education.</p>   |
| <p><b>4. Stimulating lifelong learning and increasing the number of adults involved in education programmes:</b> standardising and increasing the quality of adult education programmes, including the implementation of the CROQF; increasing the share of participants involved in programmes for the acquisition of professional qualifications in the secondary and adult education systems; increasing the share of persons involved in adult education and lifelong learning programmes by participation in the "ERASMUS+" programmes.</p>  |

## 5. Education on human rights by developing human and civil rights education programmes and their implementation in the educational system.

### 4.2. Employment and access to employment

Considering that the **at-risk-of-poverty rate** according to the most common activity status is the **highest for unemployed persons**, amounting to 42.9 %, the strategic area Employment and Access to Employment is one of the major areas through which it can be contributed to the reduction of the at-risk-of-poverty rate. The average number of registered unemployed persons with the Croatian Employment Service (CES) in 2013 amounted to 345,112, and the registered unemployment rate for December 2013 is 21.6 %.

The records of the Croatian Employment Service for January 2014 show 378,284 registered unemployed persons, and the registered unemployment rate for January 2014 is 22.4 %.

For the purpose of improving the labour market conditions, active employment policy measures are being implemented. These measures are intended for particular target groups of unemployed persons which are disadvantaged on the labour market, as well as employed persons who are threatened by job loss. Measures cannot replace new employment based on economic growth, but can help the most disadvantaged target groups to enter the labour world for a specific period with the purpose of strengthening their competences, knowledge and skills in order for them to be as competitive on the labour market as possible.

In order to additionally emphasize the support to employment of especially vulnerable groups (the youth, the long-term unemployed), it has been envisaged to further implement the **Employment Promotion Act**, which ensures the possibility of using **reliefs for the employment of unemployed persons** (exemption from all contributions on salary in the amount of 15.4 % - health insurance contribution, occupational health and safety contribution, contribution for employment and contribution for employment of persons with disabilities) **for up to two years for unemployed persons without work experience** in the occupation for which they received their education and for the **long-term unemployed**, who have been in the records of the CES for longer than two years. **Occupational training without commencing employment (OTCE)** up to one year has also been enabled for occupations for which it is not necessary to pass the professional examination. The possibility has been prescribed of concluding contracts on professional training in the duration of up to 36 months for certain categories of unemployed persons according to specific regulations which regulate the conditions for taking professional examinations for particular master craftsmen occupations and regulated professions (professions regulated by their respective chambers).

Apart from the above mentioned, projects and business activities **in the field of entrepreneurship and self-employment**, the aim of which is to achieve higher quality and productivity standards and improve competitiveness, as well as to promote strategic marketing in order to enter new and unexplored markets, will be encouraged. Measures for support and activation of categories of potential entrepreneurs and entrepreneurs in relatively unequal positions in market competition will be implemented. Development of knowledge and skills and the attainment of the necessary competences for the realization of entrepreneurial projects for the purpose of self-employment or employment will be encouraged. In terms of social integration, by inclusion of disadvantaged persons and persons with disabilities into entrepreneurship (as owners of business entities), the **development of social cooperatives** will be encouraged. They employ persons with diminished working capacity and include them in the work and economic processes or provide assistance to persons in unfavourable personal, economic, social and other circumstances and include them

in the wider community. Special activities will be focused on the **promotion of entrepreneurship projects by women, youth, the Roma and persons with disabilities.**

**The Act on Securing Workers' Claims in the Event of the Employer's Bankruptcy** has ensured legal security for workers in case of bankruptcy (Official Gazette numbers 86/2008 and 80/2013).

**Protection during unemployment** for persons engaged in an independent business activity (e.g. trades and crafts businesspeople, attorneys, physicians, midwives and other) will be ensured by the Act on Amendments to the Act on Employment Mediation and Unemployment Rights.

Furthermore, the legal framework regulates **seasonal work in agriculture up to 90 days**. In 2013, this resulted in the sale of 517,183 vouchers for seasonal work in agriculture. In the same period, 37,116 contracts on seasonal work in agriculture were sold. Since seasonal workers can transfer their agriculture work contracts (seasonal employment record card) from the previous year, a total of 99,741 contracts on seasonal work in agriculture were sold in 2012 and 2013.

Regarding the problem of **employment of persons with disabilities**, they will be included in high-quality vocational rehabilitation programmes and employed on the open labour market and in sheltered conditions. The obligation of quota employment in the real sector has also been introduced, as regulated by the new Act on Vocational Rehabilitation and Employment of Persons with Disabilities. Due to the inadequate education structure of persons with disabilities and their insufficient work experience, activities will be focused on their education, professional training and retraining.

In 2013, CES registered an average of 6,528 persons with disabilities. In 2013 there were 1,744 persons with disabilities employed in 2013, which is 22.7 % more with respect to 2012.

Also, the legal framework enables the suspension of **payment of family pension to the person with disability** while they are employed, with the possibility of choosing, later on, the more favourable pension (either the pension based on work or the family pension).

A special contribution to the strategic goal of employment and ensuring access to employment will be made by the establishment of the **Croatian Qualifications Framework Register with an occupational standards subregister**, which will contain groups of required competences for corresponding occupations in order to ensure a better connection between the labour market and education, but also a better level of information for all beneficiaries.

Although there are difficulties in the employment of almost all categories of population in the Republic of Croatia, the **promotion of employment of Croatian Homeland War veterans, of children of veterans killed, captured or missing in the Croatian Homeland War, children of the disabled Homeland War veterans and children of the Homeland War volunteers** will have a long-term effect on the status of this especially vulnerable group on the labour market. At the end of December 2012, CES registered 30,251 unemployed Croatian Homeland War veterans (8.4 % of total unemployment in Croatia), i.e. 3,295 persons or 12.2 % more than in the same period of 2011. The total number of unemployed Croatian Homeland War veterans includes 1,015 women (3.4 %). At the same time, the Service registered 573 unemployed persons with the status of the child and 33 with the status of the spouse of a veteran killed, captured or missing in the Croatian Homeland War. The greatest number of unemployed Croatian Homeland War veterans are aged over 50, i.e. according to the data of the Service, in 2012 they made up 49.2 % of the total number of unemployed

Croatian Homeland War veterans. At the same time, 12,294 unemployed veterans, or 40.6 %, were aged 40 to 49, and the lowest number of unemployed veterans are under 39 years of age (3,085 or 10.2 %).

Implementation of the **Programme of Professional Training and Employment of Croatian Homeland War Veterans and Children of the Veterans Killed, Captured or Missing in the Croatian Homeland War** will enable the professional training, employment and self-employment of this part of the population. Also, the promotion of development of **Croatian Homeland War veteran cooperatives**, as a special form of small enterprise, the strengthening of their competitiveness on the market and the **development of social entrepreneurship** will be continued.

For the purpose of providing further support to beneficiaries of the measures of this Programme, **several entrepreneurial centres/ entrepreneurial incubators** will be developed, in which the beneficiaries will be provided more favourable business development conditions.

A model of **employment of children of the veterans killed in the Croatian Homeland War, the disabled Homeland War veterans and the Homeland War volunteers** will be developed, including education and training for work, to enable easier labour market entry for the above group.

Priority of employment of vulnerable population groups in administrative bodies of the local and regional self-government units, as well as in state administration bodies and judicial authorities, and other public institutions, has been ensured through several Acts: *Act on Amendments to the Act on Rights of Croatian Homeland War Veterans and Their Family Members (Official Gazette number 140/2012, Art. 8)*; *Act on Amendments to the Act on Protection of Military and Civilian Invalids of War (Official Gazette number 103/2003, Art. 48f)*; *Constitutional Act on the Rights of National Minorities (Official Gazette 155/2002, Art. 22)*; *Act on Vocational Rehabilitation and Employment of Persons with Disabilities (Official Gazette number 157/2013, Art. 9)*. The process of employment of persons with employment priority should be monitored at the appropriate time at all levels in order to ensure that this employment priority is complied with.

Activities regarding the issue of **employment and access to employment on the regional level** are performed through development of and institutional support to local partnerships for employment (LPE). Furthermore, grants of the Local Employment Development Initiative will be used to finance projects in accordance with the priorities of the county human resources development strategies, projects oriented towards capacity building of local partnerships for employment and projects for the establishment of employment clubs.

The Republic of Croatia has accepted the European Union Council Recommendation on establishing a **Youth Guarantee**. The establishment of a Youth Guarantee started on 1 July 2013 with the extension of active employment policy measures for youth. The Youth Guarantee includes a series of reforms and measures which encourage the strengthening of the position of young persons on the labour market, and from 2014 it is intended to be financed from the available resources of the European Youth Employment Initiative and the European Social Fund.

In terms of **information exchange and the creation of conditions for mobility**, the connection with the EURES network, which represents a network of European public employment services used for information exchange, counselling and assistance in job-finding at the European level, will be ensured. Also, information exchange and mobility promotion will be financed by funds available within the Programme for Social Change and Innovation and the European Investment Structural Funds, primarily the European Social Fund (ESF).

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| <b>Main strategic activities:</b>   |
| <b>1. Using active employment policy measures and providing opportunities for professional training,</b> with particular emphasis on long-term unemployed persons, young educated persons without work experience, all categories of persons with disabilities, the Roma, persons threatened by permanent unemployment and social exclusion, persons threatened by job loss, the elderly etc.   |
| <b>2. Ensuring the legal and social security of workers</b> by securing unemployment rights to workers who were employed and to persons who ceased to be engaged in an independent business activity; securing workers' rights in case of bankruptcy of the employer.   |
| <b>3. Encouraging entrepreneurship and self-employment and social entrepreneurship development</b> through stimulation of affirmative projects and business activities; stimulation of education for the purpose of attaining the necessary competences for employment and self-employment; stimulation of entrepreneurial projects for self-employment and employment; inclusion of socially disadvantaged persons and persons with disabilities into entrepreneurship; stimulation of social cooperatives employing persons with diminished working capacity and/or providing assistance to persons in unfavourable personal, economic, social and other circumstances; stimulation of entrepreneurship projects by women, youth, the Roma and persons with disabilities. |
| <b>4. Implementation and development of the Programme of Professional Training and Employment of Croatian Homeland War Veterans and Children of the Veterans Killed, Captured and Missing in the Croatian Homeland War</b> by implementation of active employment policy measures through development of entrepreneurial centres/incubators; professional training and ensuring the conditions for employment and self-employment; further development of Croatian Homeland War veteran cooperatives.   |
| <b>5. Monitoring the employment process of persons with employment priority</b> according to specific acts.   |
| <b>6. Establishing a system for adjusting education to the the labour market needs</b> through the implementation of the Act on the Croatian Qualifications Framework.  |
| <b>7. Regional development of employment</b> through development and institutional support to local partnerships for employment; awarding the grants of the Local Employment Development Initiative.  |
| <b>8. Information exchange and creation of conditions for mobility</b> through connection with the EURES network; creation of conditions for use of the available EU funds as a part of the Programme for Social Change and Innovation and the European Investment Structural Funds, primarily the European Social Fund.  |

#### 4.3. Housing and availability of energy

The housing status in the Republic of Croatia has been largely determined by the privatisation of the former public housing stock and, according to data of the Croatian Bureau of Statistics - the 2011 Census, 89.38 % of households use an apartment in private ownership or co-ownership, 2.99 % of households are in free-based tenancy, 4.22 % of households are in kinship with the apartment owner or lessee, 1.81 % of households are lessees with protected rent, 0.95 % households are subtenants in a part of the apartment, and 0.65 % of households use the apartment according to other bases of use.

With regard to the housing status, data show a majority of private ownership or co-ownership and, regarding the housing standard, it is necessary to establish housing characteristics by creating a record of housing conditions (surface area, types of rooms, energy consumption and energy efficiency, sanitary and hygienic conditions ...).

The housing market is currently characterized by a large supply of unsold apartments and an insufficient demand caused by the current state of the economy.

In general, citizens are oriented towards the free market, a smaller part of the housing needs is addressed through the **Programme of Subsidized Residential Construction** and different other housing programmes (Homeland War victims, returnees ...).

Through a comprehensively designed housing policy the Government will ensure the availability to each citizen of a housing unit which satisfies adequate standards, which is decent and acceptable in terms of sanitary conditions, and which includes the basic infrastructure services necessary for normal living. The housing policy will ensure different models of dealing with the housing issue, which depends on the financial standing, age and the number of family members.

By adopting programmes for the creation of housing models the Government aims to additionally regulate the apartment lease market, also in the financial sense, in such a way as to influence the rent to decrease by supplying apartments for lease in the public sector and to ensure sufficient and safe housing for socially vulnerable groups, persons with lower income and other groups, thus also meeting the EU 2020 objective - fight against poverty and social exclusion.

It is necessary to create a record of the existing housing units, as well as to establish a service offering specific, accurate and clear information on housing to citizens. This service should be easily accessible to citizens and free of charge.

Within the **Housing Care Programme for Homeland War Victims** the construction of 6,189 apartments on a total of 318 locations was completed from 1997 to 2013, and the construction or preparation for the construction of another 199 apartments is currently in progress. This Programme enables the housing issue to be solved under the conditions which are more favourable than the market conditions with respect to the apartment price and the housing loan interest rate and repayment periods. The list for granting housing loans for the purchase of apartments in organised housing development includes more than 5,000 Homeland War victims.

**The right to housing care** has been extended to Homeland War volunteers who spent at least 2 years on combat duty.

The priorities in the fight against poverty and social exclusion of the veteran and victim population include the following: expansion of alternative forms of social service delivery; provision of services in the communities in which the beneficiaries live; development of a social housing concept; assistance to households with poor housing situation and the construction of daytime and overnight shelters for the homeless, etc.

**The housing care process for returnees – former holders of a specially protected tenancy** - will also be continued in the following period through different activities, including the implementation of the Joint Regional Housing Programme.

Within the housing care programme for returnees in the areas of special state concern and outside those areas, a total of 8,279 housing units, of which 6,760 in the areas of special state concern (ASSCs) and 1,519 outside the ASSCs, have been ensured from the State Budget of the Republic of Croatia from the beginning of the Programme to the end of 2013. The

provision of permanent accommodation through the construction or purchase of apartments is in progress for 907 families whose requests have been approved.

The remaining 4,621 pending requests for housing care for former holders of a specially protected tenancy in the ASSCs and outside of them will be dealt with, after the administrative establishment of rights to housing care, through the **Regional Housing Programme**. This is a joint initiative of countries in the region (Republic of Croatia, Bosnia and Herzegovina, Montenegro and Republic of Serbia) and the international community (EU, USA, UNHCR, OSCE) with the primary objective of providing permanent housing solutions for persons in the status of refugees, expellees, returnees and internally displaced persons. Persons in the above statuses can decide to return to their country of residence before 1991 or to integrate in the country of their current stay. Full implementation of the Programme is expected in the following four to five years.

A new **programme of subsidies for housing in underdeveloped areas** and demographically endangered areas of the Republic of Croatia is in preparation. It will define subsidies for housing in such areas in order to reduce the regional differences, especially in the field of fight against poverty.

A certain number of **real estates** which have been awarded to the Republic of Croatia based on non-appealable judgments will be used for **social welfare needs** in the manner determined and according to the procedure performed by the body competent for social affairs.

A special challenge is the spatial segregation of settlements inhabited mainly by the members of the Roma national minority, very often with inappropriate or nonexistent public utilities infrastructure. In accordance with the European Union Council Recommendation on effective Roma integration measures in the Member States, activities in this area will focus on the elimination of all segregation practices and the promotion of segregation elimination; promotion of non-discriminating access to social housing; provision of access to public utilities (such as water, electricity and gas) and housing infrastructure. Attention will also be paid to the objective of including housing interventions in favour of marginalized communities into urban regeneration projects as a part of an integrated approach.

Regarding the reduction of energy poverty, the **Energy Act**, which has been harmonised with the provisions of the so called Third Energy Package of the Energy Community Vienna, prescribes the adoption of the **Regulation on Criteria for Acquiring the Status of Vulnerable Energy Customer and the Regulation on Criteria for Acquiring the Status of Protected Energy Customer**. According to the Energy Act and the Electricity Power Market Act, the vulnerable energy customer status should be given to households for which the bodies competent for social affairs have established that they are socially endangered and that they need this form of social assistance, or to persons for whom a certain level of disability has been established, persons with special needs or persons in poor health, where there is a risk to their life or health due to the limited or discontinued energy supply. Also, in March 2013, the Government issued the **Social Action Plan on the Understanding of Social Aspects of Energy Community**, listing all activities of several ministries and other interested stakeholders aimed at the protection of the poor.

Representatives of the Republic of Croatia participate in the work of a working group active at the European Union level in the attempt to coordinate definitions and prescribe common criteria for acquiring the vulnerable energy customer status, as well as methods of providing assistance to endangered categories of the population. Several parameters are taken into account, such as energy consumption and investment in energy efficiency of the apartments or buildings of the categories of population vulnerable in terms of energy availability. Several

forms of support to vulnerable categories of population have been proposed: directly through the State Budget, by creating a Solidarity Fund or by introducing social tariffs.

Furthermore, in June 2013, the Government of the Republic of Croatia issued the **Decision on the Amount of Fee for the Use of Space by Electric Energy Production Facilities**, according to which the energy sector entities, i.e. owners of electric energy production facilities, are obliged to pay a fee for spaces in which their power plants were built to the local self-government units, i.e. to municipalities, towns and cities, and the funds gathered in this way will also be used for social welfare programmes, i.e. for support to categories of population vulnerable in terms of energy availability.

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| <b>Main strategic activities:</b>   |
| <b>1. Improving the leased housing system</b> by adoption of programmes for the creation of housing models  |
| <b>2. Establishment of and support to shelter and emergency accommodation programmes</b> through the implementation of programmes for the homeless, the asylum grantees and foreigners under subsidiary protection, human trafficking victims and victims of family violence; establishment of soup-kitchens; use of housing capacities owned by the Republic of Croatia for social welfare needs   |
| <b>3. Effective energy management in the construction sector</b> on the national, regional and local level - by establishment of mechanisms for improvement of energy efficiency for households in general, with the aim of reducing the financial burden for citizens and <b>ensuring energy availability</b> by subsidizing energy costs for citizens in energy poverty.  |
| <b>4. Improvement of housing standard of vulnerable groups</b> by reconstruction of houses and housing care for refugees through the implementation of the Regional Housing Programme; improving the housing standard of other vulnerable groups by securing the payment of their housing costs; promoting the elimination of spatial segregation and non-discriminatory access to social housing; ensuring the access to public utilities (such as water, electricity and gas) and housing infrastructure; supporting the programmes of neighbourly, volunteer and other types of support; achieving the goals of the <b>“Apolicy” (Apolitika) - Architectural Policies of the Republic of Croatia 2013-2020</b> - National Guidelines for Quality and Culture of Building |
| <b>5. Ensuring spaces for and support to community residential programmes</b> based on the previously prepared programmes of needs, in accordance with the deinstitutionalization plan and the county social welfare plans; ensuring the cooperation of bodies competent for the management of real estate owned by the Republic of Croatia, local self-government bodies and bodies in charge of implementation of social welfare policies in the preparation of procedures and conditions of use of facilities intended for community residential programmes;   |
| <b>6. Providing housing units for Homeland War victims</b> through apartment construction and loan granting   |
| <b>7. Improvement of housing in underdeveloped and demographically endangered areas</b> through housing programmes which will be defined in the Regional Development Strategy (application from 2015)   |

#### 4.4. Access to social benefits and services

The social welfare system recognizes **social benefits and social services** and is based on the principle of subsidiarity, presuming the responsibility of the individual and the family for

their own social security. The role of the state is to provide help in this respect, with the aim of preventing, mitigating and removing social endangerment.

On 1 January 2013, 110,794 persons were exercising their right to maintenance assistance, and 49,256 of them were able-bodied social welfare recipients (44.45 %). On 1 January 2014, the new Social Welfare Act introduced a guaranteed minimum benefit, unifying four monetary benefits with social components (maintenance assistance, two veterans' benefits and the extended unemployment benefit). Due to the economic crisis, more workers are still losing jobs and a certain increase of the number of social welfare system beneficiaries can be expected. The loss of workplace for both parents, as a consequence of increased unemployment, leads to the issue of **child poverty**. In this sense, of the total number of persons that exercised their right to maintenance assistance in the indicated period, 39,216 were children under the age of 18, making up a total of 35.3 %. Furthermore, 395,771 children exercised the right to child allowance in 2012, a monetary allowance used by the parents or another person determined by the Children's Allowance Act for the support of maintenance and upbringing of children. Children growing up in poverty have a higher social exclusion risk and are likely to face greater future health issues, so it is necessary to break the circle of carrying over a lack of opportunities at a young age. A better orientation of **welfare programmes aimed primarily at children** and their families is required.

On 1 January 2013, there were 520,437 **persons with disabilities** registered in the Republic of Croatia, a total of **12 % of the population** of the Republic of Croatia. The greatest number of persons with disabilities, 292,320 (55 %) are of a working-age, between the ages of 19 and 64; there are 33,267 children with developmental difficulties (under the age of 18, or a total of 6.3 % of all persons with disabilities), and 205,559 persons over the age of 65 (38.7 % of all persons with disabilities). There were a total of 14,778 children with developmental difficulties and 82,725 adults with disabilities registered in the social welfare system on 31 December 2012.

The care for children, the elderly, homeless persons, victims of domestic violence, persons with disabilities, asylum seekers, foreigners under subsidiary protection and addicted persons is exercised via **institutional and non-institutional types of care**. In order to improve the access to social services, it is necessary to improve and expand the network of social services in order to create the preconditions for the implementation of the process of **service deinstitutionalisation for all beneficiaries of social services**. Special attention will be paid to the **development of foster care**, the introduction of a quality standard in foster care and a gradual implementation of professional foster care will be carried out, resulting in a greater interest and number of foster families, especially in urban areas and areas where this form of childcare is weakly represented. **Social Welfare Centres in county headquarters** will provide preventive counselling, family mediation services and carry out family, foster parent and adoptive parent education.

**Non-governmental organisations**, in the role of providers of social services, present a great assistance and asset for social welfare activities because they reflect the abilities of the citizens and contribute to social inclusion and community cohesion. In order to improve the development of the social service network in Croatia, the process of **advancing the framework for program and financial support of the development of social services** provided by non-governmental organisations will be continued in the 2014-2020 period, especially through the three-year programme "Development and Expansion of the Network of Social Services provided by Non-Governmental Organisations". Also, the **further development of non-governmental organisations as the providers of social services** will be encouraged through the employment of trained professionals and involvement of interested

volunteers, in order to prepare for an equal participation in the social welfare system and the targeted use of EU funds.

In cooperation with non-governmental organisations, **programmes aimed at the prevention of addictions** will be developed and harmonized with national and international quality standards in their fields.

In order to ensure that the most endangered persons receive financial help, **a better targeting of monetary payments** is necessary. Therefore, it is necessary to ensure the IT networking of the system and data exchange with other systems in order to make exercising rights easier, and harmonize the statistic data of social welfare with official statistic data in order to ensure high-quality foundations for the analyses on which the development of the social welfare system will be based.

It is necessary to create the preconditions to improve the coordination of social welfare systems and services on a state and local level through IT cohesion, and to create a bigger and better protection of the most disadvantaged societal groups through the interconnection of all service and benefit providers.

**Local and regional self-government units (LRSGU)** provide various aids of various purposes to children of preschool and school age, pensioners, persons with disabilities, homeless persons, persons without families and other socially endangered groups. These units spent almost HRK 3 billion in 2012 for the mentioned aids.

In order to facilitate the access to rights and equal treatment in all systems, uniform criteria for the determination of damages and functional abilities of a person need to be determined and a **single expertise body** needs to be established. This body would adopt one document based on which persons with disabilities could exercise their rights in different systems.

If both parents are employed, children's services are a key element in coordinating the professional and family life. **The Act on Nannies** (Official Gazzette, No. 37/2013) allows for the provision of child care of appropriate quality, legal security and lawful performance of duties.

In accordance with the **Plan for deinstitutionalization and transformation of social welfare homes** and other legal entities in the Republic of Croatia for the 2011-2016 (2018) period, a non-institutional model of care is being developed, especially social services in local communities. In this sense, homes for children without appropriate parental care and homes for children with behavioural disorders will be transformed into **centres for the provision of community-services**, and they will provide: counselling services for children and their families and various professional support programmes for children, biological and foster families; early diagnosis and intervention services; services of whole-day, half-day and periodic sojourn; domiciliary care services; services providing assistance with integrating in the regular education system; with options for the development of specialized services inaccessible or in heavy demand in that territorial unit.

In homes for children with behavioural disorders, the expansion of a **prolonged expert procedure programme** will be ensured (as a non-institutional programme), covering as much of the territory of the Republic of Croatia as possible.

In order to provide support to the process of deinstitutionalization and transformation of social welfare institutions for persons with disabilities, and provide as many sources of additional financing as possible, the following areas of activity have been given priority: developing support services in the field of organised residence for the purposes of deinstitutionalization and prevention of institutionalisation, strengthening family

reintegration, ensuring the infrastructure with the aim of providing services (adjusting group homes and day centres, furnishing these spaces and obtaining vehicles with the aim of providing better mobility for service providers and beneficiaries, and other), developing daily rehabilitation programmes and employment support for deinstitutionalized beneficiaries and beneficiaries in the institutionalization prevention programmes, ensuring regional uniformity of the providers of support services - including local and regional self-government units, public institutions, civil society organisations, etc. with the aim of providing support for the process by using existing capacities and developing new ones, including volunteers in the process of transformation and deinstitutionalization of homes and the prevention of institutionalization, implementing, realizing, monitoring and improving quality standards of said services, developing the methodology of the processes of transformation and deinstitutionalization, monitoring and evaluating the processes, expanding the service network in a community - special priority given to the assistance programme for social inclusion through social entrepreneurship (Supporting social economy in combating social exclusion), establishing the system and carrying out the education in the field of social welfare.

Furthermore, **the homeless** are a vulnerable group facing social exclusion in the Republic of Croatia. The first time the term homeless was used in the social welfare system was in 2011 in the Social Welfare Act, with the aim of improving welfare for this group.

In 2013, there were 12 shelters and safe houses for the homeless, with a total accommodation capacity of about 400 beneficiaries.

In the framework of welfare for **victims of domestic violence**, societal efforts are aimed at the prevention of new cases of domestic violence and ensuring timely help for all victims. The victims are provided with temporary accommodation while it is needed, generally up to 6 months and in exceptional cases up to a year. The aim of these activities is **to protect the victims of domestic violence primarily in their own homes**, and also to ensure that they have access to quality temporary accommodation services for adequate protection.

The situation related to crime and **drug abuse** is still complex, and the data on the increasing number of addicted persons is worrying. In addition to inpatient and out-patient therapies and psychosocial treatments for addicted persons carried out in the healthcare system, certain methods of psychosocial treatments are carried out in therapeutic communities and homes for addicted persons, but also within certain non-governmental organisations. In order to improve the quality of services and programmes carried out in this field, the focus should be on activities implementing **programmes of social reintegration for rehabilitated persons** (generally in the framework of group homes up to one year).

The contents of accommodation services ensured for **asylum seekers and foreigners under subsidiary protection** are significantly different from the accommodation services ensured for beneficiaries of the social welfare system, so the provision of accommodation in the period of two years for these persons is, in fact, resolved within their right to accommodation. It is necessary to pay attention to the **integration** of these beneficiaries in the community by developing services that will contribute to their quality of life, and therefore to the prevention and mitigation of poverty and social exclusion.

**Young people** are heavily affected by the economic crisis; they often depend on temporary and poorly paid jobs, have the largest unemployment increase and are therefore subject to a deterioration of the quality of life. Young people are characterized by a lack of work experience, and a low education structure with no work experience makes it even harder for them to find employment. The establishment of a youth guarantee started on 1 July 2013 by

expanding the measures of active employment policies for young people, with the aim of solving the issue of young people with no work experience.

One of the important activities carried out through programmes and projects of civil society organizations (CSOs) is **volunteering**. It has a positive effect on the community and on social inclusion. Also, a person obtains new skills and civil liability through volunteering, and it also improves employability. It is therefore important to **strengthen volunteering** as an activity on a national level.

Including working-age beneficiaries of social payments in social life via public works or volunteer activities contributes to the prevention of social exclusion and drawing the world of work closer to them, therefore beginning the formation of necessary preconditions for their inclusion in said activities.

**The policies of humanitarian aid** in the Republic of Croatia have been improved with the Humanitarian Aid Act (Official Gazette, No. 128/2010) that defines the methods of collecting material and financial goods, psychosocial aid and humanitarian activities for the protection and rescue of natural disaster victims and victims of crises caused by human activities, with the aim of providing payment for basic necessities of life. Obligatory records and reports have been prescribed for all types of humanitarian aid and humanitarian actions, with the condition of being available to the public in order to ensure transparency and encourage public support. 118 domestic and foreign non-profit persons with issued approvals for the collection and provision of humanitarian aid were registered in 2012, and 142 were given approval for organising humanitarian actions. A total of HRK 77,050,808.73 was collected during 2012 (HRK 58,599,419.35 provided to beneficiaries) for a total of 218,940 beneficiaries.

The Act on the Rights of Croatian Homeland War Veterans and their Family Members prescribes the **option of using the services of a provider of care and help for homeland war veterans with first category disabilities** - disabled persons with a disability level of 100 %, who are completely incapable of performing all everyday activities due to the type and severity of their impairment and require constant care and aid from another person.

Considering the aging of beneficiaries and care providers, but also of the **entire veteran and war victim population**, the need for whole-day care and aid is growing. According to available data from 441 care providers, a quarter of them are over the age of 50, and it is expected that in less than 10 years half of them will be above the age of 50, with a significant part over the age of 60.

Through the **development of veteran centres and non-institutional programmes**, comprehensive care will be ensured for the beneficiaries (care services, psychosocial therapy, accommodation, work therapy, counselling regarding the exercising of various rights, organizing extracurricular activities, educational programmes and other programmes with the aim of social inclusion and resocialization) and programmes to provide aid in carrying out everyday activities directly in their own households and ensure an increased quality of life for persons with severe disabilities, a low socio-economic status and persons not covered by existing forms of care. Veteran centres will ensure the developmental and cohesion role of the local community where they will be located.

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| <b>Main strategic activities:</b>  |
| <b>1. Improving the system of providing social benefits and support through programmes aimed at the most deprived citizens</b> by redefining the monetary payments system and improving and implementing regulations with the aim of more effectively protecting the individual rights of the citizens; by ensuring humanitarian |

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| aid in kind and other support programmes for the most deprived (programmes financed by EU funds); by developing volunteerism and neighbourly help, and by integrating financial aid and services on a national and local level through IT networking and data exchange;   |
| <b>2. Improving the availability, affordability and quality of social services</b> through the development and expansion of the service network in the community and intensifying the processes of transformation and deinstitutionalization of social welfare homes; by expanding the network of social services that support social inclusion and regional uniformity, contribute to the coordination of family and work life, and contribute to employment by strengthening the cooperation with NGO networks and by encouraging volunteering; by improving the quality of social services - by introducing a standard of quality and through external evaluation; |
| <b>3. Providing care to participants and victims of war</b> by ensuring preventive psychosocial programmes, psychosocial support, accommodation, care and aid services and other strengthening programmes for the employment and resocialization by developing veteran centres and non-institutional programmes   |
| <b>4. Improving the care system for homeless</b> by encouraging coordination among stakeholders (LRSGU, CSOs, other competent authorities); by ensuring and improving services and programmes to encourage employment; by ensuring the availability of all necessary services, especially of health care and accommodation services (in addition to shelters and safe houses, ensuring more permanent accommodation for a self-sustained life through LRSGU); by providing support to programmes aimed at strengthening the homeless to lead a self-sustained life;   |
| <b>5. Providing support to programmes of psychosocial protection to groups threatened by social exclusion</b> by introducing them to the formal and informal world of work, especially for the able-bodied population (inclusion in public works, volunteering, etc.); by financing programmes lasting several years with the aim of strengthening members of vulnerable groups to become active again and join the labour market through programmes that support social mentoring, assistants, etc.  |

#### 4.5. Access to the healthcare system

According to the Constitution of the Republic of Croatia, each citizen is guaranteed the **right to health care** in accordance with the law. Compulsory health insurance ensures that all insured persons have the rights and obligations of compulsory health insurance on the principles of reciprocity, solidarity and equality, in the manner and under conditions determined by the law. The total number of insured persons at the Croatian Institute for Health Insurance was 4,376,404 on 31 December 2012. Even though the coverage of population with health insurance is very high, there are still vulnerable groups that, due to their social, economic or geographic position, experience difficulties in exercising their rights, and they need special attention in the context of combating poverty and social exclusion. The **inhabitants of islands and some rural areas** have particular **difficulties** in accessing health care. Health care is reduced to sporadic visits by a physician with aggravated provision of medication and transport in urgent cases.

**Improving the availability of health care** is one of the five strategic development axes defined in the National Health Care Development Strategy 2012-2020, and it will be achieved by developing telemedicine services and emergency medical services by reorganizing the

hospital system and increasing the availability of preventive health care services and **developing human resources in the healthcare system.**

**Telemedicine services** ensure the availability of health care in distant and isolated areas, provide the opportunity for continuous and life-long professional training of healthcare workers (e-development), reduce the risk of non-availability of health care during bad weather and other conditions (isolation of islands and rural areas), and reduce the effect of an insufficient number of healthcare workers on the provision of health services on primary, secondary and tertiary levels of health care.

The further **development of the emergency medical service** will be achieved through the construction and organisation of integrated emergency admission departments in hospitals, establishing helicopter and maritime emergency services and harmonizing quality by introducing work standards and by educating healthcare workers.

**The hospital system will be reorganised** so that it can respond better to healthcare needs of the citizens. Acute inpatient care will be redirected to **day hospitals**, which will free appropriate capacities for prolonged treatment of patients and palliative care. Day hospitals will enable a modern, economic, multidisciplinary and (for the patient) less stressful method of treatment that improves the availability and quality of health care.

Persons at risk of poverty and social exclusion, such as persons with mental disorders, the elderly and other persons in need of long-term health care, participants and victims of war, the Roma, and neglected and abused children are all considered vulnerable groups that will receive **non-institutional care** and **appropriate community health care**.

Considering the relatively lower health indicators in vulnerable population groups, special attention will be paid to involve those groups in **preventive activities**. The emphasis will be on promoting healthy lifestyles, proper nutrition, increased physical activity, reduced alcohol intake and smoking and on increasing the scope of the population covered by national programmes for the early detection of breast, colon and cervical cancer.

The needs of the most vulnerable groups to exercise their right to **supplementary health insurance** will be monitored. The total number of persons that exercised the right to supplementary health insurance, with the funds for the premiums of the insurance provided from the State Budget, was 944,301 in 2012 (943,638 in 2011).

| <b>Main strategic activities:</b>   |
|---|
| <b>1. Health care for the most vulnerable groups by improving the availability of health care</b> , especially on islands and in rural areas - by reinforcing the network of public health care and further developing telemedicine services; by increasing the scope of free health insurance and prevention for the poor; <b>by improving the emergency medical services system; by reorganizing hospital activities</b> aimed at the provision of services through day hospitals, freeing the capacities for chronic treatment and palliative care, and functionally connecting the existing hospital resources; <b>by developing and improving the community healthcare system</b> for vulnerable groups (persons with mental disorders, children, the Roma, the elderly, participants and victims of war) and by developing human resources. |
| <b>2. Improving health indicators</b> through the strengthening of health promotion and prevention of chronic noncommunicable diseases, especially aimed at vulnerable groups   |
| <b>3. Ensuring the payment of costs for health services/fees that are not covered with basic health insurance</b> for the socially disadvantaged population through   |

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| supplementary health insurance  |
| <b>4. Developing and improving the comprehensive health and psychosocial care system for participants and victims of war</b> by implementing the new National programme for psychosocial and health aid for participants and victims of the Homeland War and World War Two and for returnees from peacekeeping missions |

#### 4.6. Care for the elderly

Socio-demographic indicators suggest that the society of the Republic of Croatia is **old**. According to the census from 2011, Croatia has 4,284,889 inhabitants, and there are **758,633 inhabitants (the ratio of 17.7 %)** over the age of 65. Persons over the age of 65, in addition to being the **poorest age group (26.5 %)** are also at the highest risk of social exclusion.

In order to ensure the right to age with dignity and the right to permanent social inclusion for the elderly, who are recognized as a particularly vulnerable beneficiary group in the social welfare system, the Strategy of Social Welfare for the Elderly in the Republic of Croatia 2014-2016 has been adopted. The Strategy represents the foundation for using European funds, and also the foundation for the development of new forms of care for the elderly in the local community.

The rights particularly important for the elderly in the social welfare system are: **financial aid** - guaranteed minimum benefits and assistance and care allowances, and the **right to social services** - accommodation, help and care services at home. In addition to the mentioned rights, prescribed by the Social Welfare Act, the elderly and infirm are provided with the services from the "Home help for the elderly" and "Day care and home help for the elderly" programmes. The percentage of the elderly that exercised their right to maintenance assistance was 1.3 % of the total population of the elderly in 2012 (on 31 December 2012, 10,054 people over the age of 65; 5,953 beneficiaries between the ages of 65 and 75, and 4,101 beneficiaries over the age of 75 were receiving maintenance assistance). Furthermore, the percentage of the elderly receiving the assistance and care allowance is 5.5 % of the total population of the elderly (78,290 beneficiaries exercised their right to the assistance and care allowance in 2012, 41,805 of which were the elderly over the age of 65).

The percentage of the elderly exercising their rights to the services from the "Home help for the elderly" and "Day care and home help for the elderly" programmes (15,550 beneficiaries in 2012) is 2.1 % of the total population of the elderly. The percentage of the elderly exercising their rights to accommodation as an institutional form of care is 2.1 % of the total population of the elderly and infirm (on 31 December 2012, 15,686 elderly persons were accommodated in homes and other legal persons for the elderly and infirm). The percentage of the elderly exercising their rights to non-institutional forms of care based on a decision by the Social Welfare Centre is 0.3 % of the total population of the elderly and infirm (on 31 December 2012, 2,258 elderly persons were accommodated in foster families and family homes).

The social welfare system is aimed, among other, at **preventing social exclusion** and establishing higher-quality institutional and non-institutional social services. When it comes to planning care for the elderly, it should be taken into consideration that 49.43 % persons over the age of 65 live in joint households, while only 24.23 % persons over the age of 65 live in single-person households. This information is a good starting point to plan services that need to be developed in communities. Except for accommodation, various non-institutional forms of care are being developed over the past few years. The development of services and

commitment to an active social state imposes the necessity of adjusting the system to new challenges and forms of care for the elderly. This will lead to a higher quality of life for the beneficiaries and to their active participation in community life.

The Government of the Republic of Croatia established the **National Council for Pensioners and the Elderly** at the end of 2012. It has an active role in the efforts to improve the legal framework of the pension system and to resolve specific issues related to pensioners and the elderly.

Among pensioners, 90,116 persons have a pension of up to HRK 500 and 93,376 persons have the pension of up to HRK 1,000<sup>26</sup>. These persons are precisely the ones who are in a bad financial situation and are often **beneficiaries of the social welfare system**.

Looking at the data reflecting the state in pillar I of the pension system for December 2013, i.e. **1.19 million pension beneficiaries compared to 1.40 million insured persons (system dependancy ratio of 1:1.18)**, it is evident that the pension system is facing difficulties. The average pension for December 2013 (paid in January 2014) was HRK 2,474.91, which means that the replacement rate was 43.93 %. The average old-age pension based on 40 or more years of insurance period was HRK 3,479.08, which means that replacement rate for 40 years was 61.75 %. The interdependence of the length of insurance period, salary/base amount and pension amount in pillar I results in a gradual decrease of pension amounts and a lagging standard of life of so-called new pensioners compared to pensions realized before the reform from 1999. These effects were mitigated through legislative changes and by ensuring pension supplement. The social security principle for the minimum pension represents a vital form of protection from poverty for pensioners, thanks to which the beneficiaries of the minimum pensions have 44 % higher pensions on average than the pension they would have in accordance with their insurance periods and salaries (190,902 beneficiaries of the minimum pension in the fourth quarter of 2013).

Compared to pension pillars II and III introduced in 2002, the relevant data shows that despite a large member base of compulsory pension funds (1.692 million) and HRK 4.92 billion in contributions paid in 2012 (a total of HRK 41.2 billion since 2002), net property of HRK 57 billion and an average annual contribution from compulsory pension funds of 5.9 % in the 2002-2012 period, pensions realized so far in pension pillars I and II are low.

In order to achieve and retain social adequacy and the financial viability of pensions and improve the position of pensioners, a **comprehensive organization and monitoring of the framework of the pension system will be carried out**:

- monitoring the implementation of the **Pension Insurance Act** (OG, No. 157/2013) that entered into force on 1 January 2014 - clearer criteria were adopted for the realization of certain rights within certain groups of insured persons and pension beneficiaries; the retirement age for the entitlement to old-age pension is gradually increased from 65 to 67 years of age, starting in 2031; increasing of the amount of the deferred pension has been prescribed; beneficiaries of old-age pension are allowed to work up to 50 % of full-time working hours and accumulate pension with earnings from work; the retirement age for early retirement pension is gradually increased from 60 to 62 years of age, starting in 2031; early retirement is discouraged through decreasing of the amount of early retirement pension in relation to the insurance period completed; new possibility for the early retirement pension have been introduced for long-time insured persons and insured persons that have been

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<sup>26</sup> According to "Statistical information of the Croatian Pension Insurance Institute" (Year XI., No. 3/2013)

unemployed for at least two years due to bankruptcy; regarding disability pension scheme, the procedure for medical assessment of the working ability and remaining working ability have been redefined, regular and ad-hoc medical checks have been introduced; the principle of occupational rehabilitation has been improved with the aim of returning persons to the world of labour; a new type of disability pension - temporary disability pension has been introduced; the basic pension formula has been redefined; the division of pensions into two parts has been introduced: pension realized according to a special regulation (the so-called privileged pensions), and pension realized within the general scheme, based on contributions paid, with the aim of establishing; a new double regime model for indexation of pensions, etc.

- **separating the compulsory and voluntary funded scheme in the phase of accumulation** - monitoring the implementation of the Act on Compulsory Pension Funds, and the Act on Voluntary Pension Funds. The phase of pension payments remains regulated with the same Act - the Act on Pension Insurance Companies
- a new **legal framework for insurance periods** with an extended duration.

The aim of the mentioned changes is adjusting the pension system to the current economic conditions, to the state of the labour market and to demographic trends, preventing the dispersion of financial assets and achieving a fairer social security system for pensioners, encouraging people to stay longer in the world of labour, increasing the individual awareness for care in old age, ensuring uniform expert evaluation criteria and a fairer distribution of funds in the future.

| <b>Main strategic activities:</b>   |
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| <p><b>1. Improving the quality of life for the elderly and expanding community-based services:</b> by protecting the elderly without income and the elderly at risk of poverty due to income below poverty threshold; by developing community-based social services aimed at the poorest persons; by including the elderly in lifelong learning programmes and in periodical work; by raising the awareness of healthy living/aging actively; by including NGOs and other stakeholders more in the planning and implementation of projects and programmes aimed at active aging and providing community-based services.</p>   |
| <p><b>2. Improving the position of pensioners:</b> by monitoring the implementation of the new Pension Insurance Act; by adjusting pensions in accordance with the new adjustment formula; by increasing the standard and social security of pensioners by increasing the number of working pension beneficiaries; by increasing the number of persons with remaining working ability that have returned to work; by increasing the number of persons sent to occupational rehabilitation and successfully carrying out of the occupational rehabilitation.</p>   |
| <p><b>3. Ensuring the sustainability of the pension system and ensuring the social adequacy of pensions:</b> by monitoring the implementation of the new Pension Insurance Act; by reducing the share of pension costs in the GDP and reducing the ratio of the costs financed from the state budget; by reducing the number of early retirement pension beneficiaries; by increasing the number of insured persons that still work after the age of 65; by monitoring the implementation of the legal framework that regulates capitalized pension savings; by changing the legal framework for the insurance periods with an extended duration; by gradually increasing the contribution rate for pillar II of the pension system; by increasing the levels of pensions realized from both compulsory pillars; by increasing the number of insured persons included in voluntary pension insurance.</p> |

#### 4.7. Financial independence and the fight against indebtedness

The Government of the Republic of Croatia is faced with two main challenges in leading the economic policy: initiating a sustainable economic growth after a deep recession and a quick and determined consolidation of public finances faced with a strong growth of some expenditure categories. **Long-term sustainability of public finances** is not possible without a stable economic growth, while a **fiscal consolidation** to reduce financing costs is necessary to start the economy and provide support for economic growth. Unfortunately, the implementation of fiscal consolidation in a short term affects the recovery in a negative way.

The Government of the Republic of Croatia is carrying out two types of activities with the aim of increasing competitiveness. The first series of measures are aimed at solving **the financial difficulties of the business sector** through activities that will improve their balance sheet, and the second series of measures are related to **reduction of the tax burden of the production**. The inherited non-payment level has affected the urgent measures of reducing tax and other obligations through reprograms and write-offs. Since the insolvency issue is present in intercompany relationships, especially because of the debt burden attained through excessive property investments in the period before the crisis, pre-bankruptcy settlements procedures of the state and private creditors have been initiated in order to clean the balance sheets of above mentioned companies, in addition to change their ownership structure. This is a precondition, not only for business activity to survive, but also to enable further investment necessary to retain and increase their domestic and European market share.

Fiscal consolidation is necessary because of a very high deficit level and growing costs. This refers primarily to new costs of the membership in the European Union, including payments to the European Union budget, significant investments through national co-financing of European Union projects and other activities necessary to raise the standard to the European level (e.g. the prescribed investments for the standardisation of environmental protection, transport infrastructure, security and safety of external borders, etc.) but at the same time losing the majority of customs revenue. It is expected that direct costs of European Union membership will permanently increase budget expenditures by about 2 % of the GDP. At the same time, there has been a significant increase in the costs of debt financing that has doubled since the start of the recession due to budget deficits, and restructuring and assuming debts of several sectors such as shipbuilding, railways, air carriers and health care.

At the proposal of the European Commission, the Council of the European Union passed the recommendations in January 2014 requesting that the Republic of Croatia carries out a swift fiscal consolidation. These recommendations for solving the excessive budget deficit demanded that the Republic of Croatia reduces its budget deficit to under 3 % of the GDP by 2016 and bring the national debt trajectory to under 60 % of the GDP two years later.

At the same time, substantial efforts are required to retain the levels of social welfare by financing pension expenses, the health system and social payments. Reforms are being carried out for this purpose in the sectors of the pension and health system, health care and state administration.

**Legislative activity** – adopting directives, regulations and bylaws in the financial sector will prevent the over-indebtedness of the population, ensure appropriate protection for consumers

and beneficiaries of financial services and bring consumers in an equal position in relation to creditors.

Furthermore, one of the strategic goals in the framework of judiciary efficiency is monitoring the effect of the reform of the enforcement system, since the **Enforcement Act** in 2012 and the Act on Amendments to the Enforcement Act in 2013 were adopted due to a low efficiency of the system. Their basic guidelines are to strengthen the protection of the debtor and preserve his dignity, to further develop the enforcement procedure by redefining and removing rules that slow down the enforcement procedure and to introduce new solutions.

As of 31 January 2012, the Finance Agency monitors and publishes the number of frozen accounts of citizens and their debts due to outstanding grounds of payment, in addition to freezing the accounts of business entities. In the period between January 2012 and December 2013, the number of citizens with frozen accounts increased by 88,561, and the value of their debt due to outstanding grounds for payment increased from HRK 13.2 billion to HRK 23.82 billion. The number of citizens with frozen accounts in the observed time period increased at an average monthly rate of 1.53 %, and the value of their debt increased at an average monthly rate of 2.60 %, indicating the necessity of turning around the negative trend and state intervention with the aim of aiding overburdened citizens.

Because of everything stated so far, a **Consumer Bankruptcy Act** is planned in order to develop a system that would result in creating the conditions for insolvent customers to reprogram their obligations or get a fresh start, and for creditors to get the chance to settle their claims uniformly.

#### ***National Strategic Framework for Consumers' Financial Literacy***

**The proposal of the National Strategic Framework of Financial Literacy** contains guidelines for raising the level of financial literacy of individuals. The aim is to create the foundation for a systematic and comprehensive integration of financial education in the formal and informal educational system of the Republic of Croatia. Citizens will improve their understanding of financial products through financial education and raise their awareness of financial risks and opportunities. They will also be able to make long-term financial plans and informed decisions regarding financial products and services.

Target groups are all Croatian citizens since the economic policy reflects on the entire population, consumers and beneficiaries of financial services in the framework of the consumers' financial literacy.

| <b>Main strategic activities:</b>  |
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| <b>1. Achieving a sustainable economic growth and continuing the fiscal consolidation</b> by adjusting public finances to European rules   |
| <b>2. Continuing the taxation policy reform</b>  |
| <b>3. Mitigating the consequences of over-indebtedness of the population</b> through legislative activities in the financial sector; through the changes of the Enforcement Act with the aim of strengthening the protection of the debtor and preserving his dignity, as well as through a further development of the enforcement procedure by redefining and removing rules that slow down the enforcement procedure, and introducing new solutions; by adopting the Consumer Bankruptcy Act with the aim of creating the conditions to consolidate overburdened citizens. |
| <b>4. Carrying out the financial education of citizens</b> by adopting and implementing the National Strategic Framework for Consumers' Financial Literacy; by stimulating and educating citizens about financial insurance against old-age and risks of old-age period.   |

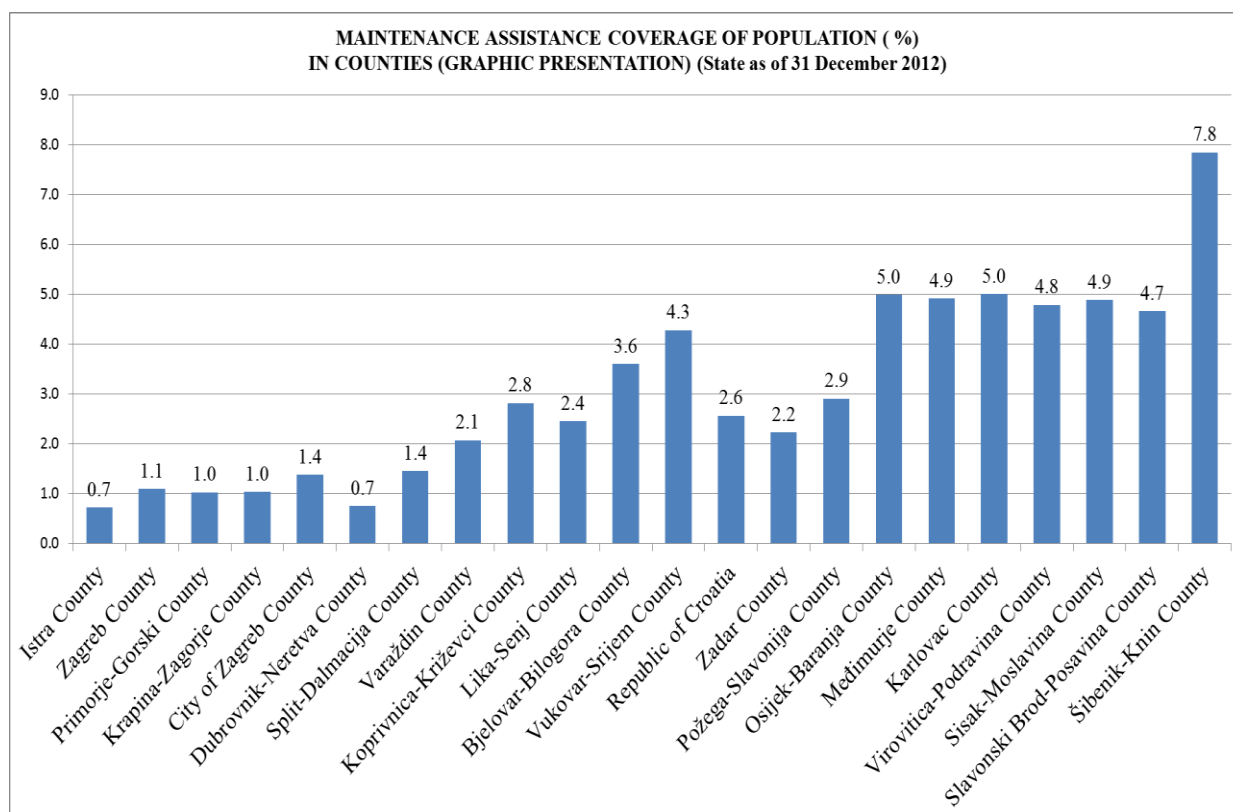
#### 4.8. Balanced regional development

Social challenges and problems related to risks of poverty and social exclusion are accumulated in particular geographical areas of the Republic of Croatia. Unemployment, low employment, lower level of education, deficit and low availability of social services and municipal infrastructure, additional challenges of social exclusion related to a significant portion of minority groups of population and the still present long-term effects of the 1990s war, as well as the overall negative long-term demographic trends, are but a few of these challenges.

The **areas of assisted counties** have been chosen for the monitoring of the level of poverty and social exclusion in connection with the existing **regional differences**, as well as for the implementation of intensive measures for the prevention of poverty. The purpose of the new legal framework is to abolish the existing classification into areas of special state concern and hilly and mountainous areas, as well as to determine the areas which are considered to be deprived based on the criterion of being underdeveloped.

Regional disparities are evident at the level of statistical NUTS 2 regions (Continental and Adriatic Croatia), at the level of counties (NUTS 3) and at the level of local/regional self-governments units (LRSGU). These regional units also differ with respect to the development index, which is calculated on the basis of a number of indicators, such as: GDP per capita, rate of unemployment, demographic and education structure of the population, etc. Both NUTS 2 regions are below 75 % of the EU 27 GDP – Continental Croatia is at 64.1 % (the City of Zagreb significantly raises the average), while Adriatic Croatia is at 62.1 %. In Continental Croatia there are four counties (Slavonski Brod-Posavina, Vukovar-Srijem, Požega-Slavonija and Virovitica-Podravina) with the lowest GDP per capita in the Republic of Croatia, amounting to 53-61 % of the Croatian average.

Since there is no system of regional monitoring of poverty, regional differences are monitored by observing poverty in the social welfare system through the share of recipients of maintenance assistance (MA) in the population. In 2012, a total of **2.6 % of the population of the Republic of Croatia (110,794 persons) received maintenance assistance** intended for persons at the highest risk of poverty. The largest number of assistance recipients with respect to the county population is in the Šibenik-Knin County, amounting to 7.8 %, Osijek-Baranja County, amounting to 5.0 %, and Karlovac County, amounting to 5 %. These are the counties with the largest number of persons at risk of poverty.



Source: Ministry of Social Policy and Youth, 31 December 2012 (monthly statistical report)

The **deprived urban and rural areas at a high risk of poverty**, which are significantly underdeveloped in comparison to other areas of the Republic of Croatia and subject to more intensive measures for the prevention of poverty, i.e. the assisted areas (hereinafter: "deprived areas"), include the following:

- **12 counties** with a development index lower than 75 % of that index in the Republic of Croatia, which are considered assisted areas: the Virovitica-Podravina, Slavonski Brod-Posavina, Vukovar-Srijem, Bjelovar-Bilogora, Požega-Slavonija, Sisak-Moslavina, Osijek-Baranja, Karlovac, Koprivnica-Križevci, Lika-Senj, Međimurje, Krapina-Zagorje counties, and
- the **additional 58 cities and municipalities** apart from the listed 12 counties, which are significantly underdeveloped according to their development index – which is under 75 % - and which are also considered assisted areas.

The listed deprived areas include the majority of cities and municipalities affected by the 1990s war, the effects of which are still present, especially with regard to high population decline, poverty and social exclusion. They cover 28 % of the territory of the Republic of Croatia, today inhabited by approximately 9 % of the total population – 23 inhabitants per km<sup>2</sup> (126 cities and municipalities). It is evident from this that a significant part of these areas are experiencing serious demographic problems which present an additional impediment to development initiatives.

The new **Act on Regional Development** is in preparation and is expected to be adopted in the first half of 2014, while the preparation of a new **Strategy on Regional Development** for the period from 2014 to 2020 is also under way. This period correlates with the new financial perspective of the European Union, when the structural and cohesion funds will be at the disposal of the Republic of Croatia. A single system for determining areas with developmental difficulties on the basis of their development index is expected to be

universally implemented as of 2015. The new system will replace the current incentives applied to areas of special state concern (ASSC) and hilly and mountainous areas (HMA).

Areas currently defined by different acts share certain common, but differently distributed features: *unfavourable demographic indicators, low population density and unfavourable population age structure as a major obstacle to the strengthening of entrepreneurship, poor education structure, continuation of population decline, low employment and high unemployment, lack of available jobs, poor accessibility, high costs of construction and maintenance of municipal and social infrastructure, unfavourable geographic conditions, lack of traffic connections, decay of the housing stock and a generally low residential standard.*

These features are especially prominent in ASSC areas which were affected by the 1990s war and which, apart from unfavourable demographic indicators, also have unfavourable indicators related to poverty and social exclusion.

As regards the density of population, in 2011, 8 Croatian counties recorded less than 50 inhabitants per km<sup>2</sup>, which was especially characteristic of the areas on the border with Bosnia and Herzegovina and Serbia, as well as of the hilly parts of the country (Lika and Gorski kotar).

A significant number of returned emigrants, especially members of the Serbian national minority and Roma people, live in areas of the counties and local units which overlap with the indicated deprived areas.

38 % of the population lives on the indicated territory, while the average population rate amounts to 51 inhabitants per km<sup>2</sup> (the Croatian average is 76 inhabitants per km<sup>2</sup>). Particular areas within those areas, especially ASSC areas, that is, areas affected by the 1990s war, have less than 23 inhabitants per km<sup>2</sup>.

Available and provided data on unemployment, education structure and income indicate a greater presence and higher rates of poverty in the above mentioned areas in comparison with the rest of the Republic of Croatia.

Poverty especially affects specific population groups, the majority of which live precisely in these areas – **returnees and refugees** as well as **members of the Roma minority**, which are, along with their other problems, characterised by unfavourable residential status and broken family ties, which additionally influences long-term poverty and social exclusion.

A particular issue of the deprived areas is long-term poverty due to a lack of adequate skills and knowledge required for coming out of it – **lack of education and unavailability of opportunities and mechanisms for entry into the labour market.**

The aim of the new Act on Regional Development and Strategy for Regional Development is **to direct additional funds into investments** in deprived areas, which should abate regional differences.

The new Act on Regional Development provides for the adoption of two multi-annual programmes which will stimulate overall regional competitiveness and urban development. This method will strengthen the strategic approach to the development of underdeveloped areas and create conditions for their exit from the category of assisted areas. These programmes will specifically define the types of investment and elaborate the areas to be invested in - deprived areas at risk of poverty and social exclusion and facing demographic difficulties.

The aim of multisectoral investments in deprived, that is, assisted areas, is to ensure the **reduction of regional differences**, including the number of persons at risk of poverty, which is to be realised through a synergistic effect of investments focussed on **increasing the availability of social and municipal services**, on **economic measures and incentives to employment and workforce education**, as well as on measures and **activities in the field of housing**, especially in relation to minority groups, through a number of smaller regional and local projects.

One of the expected results of such integrated activities is the **prevention of further out-migration** of the inhabitants of these areas and stopping their resettlement in cities where they tend to join the existing groups of poor, which causes additional intensification and deepening of the issue. Amongst them, special attention needs to be directed to especially vulnerable groups: returned emigrants and refugees which are in the process of return, primarily members of the Serbian minority and Roma community, as well as persons at risk of poverty whose number is larger in the deprived areas than in other areas of the Republic of Croatia. The majority of special measures related to **employment, social services and housing** will be focussed on these groups.

The indicated multisectoral approach focussed on a wider effort towards social development is envisaged in the new Strategy on Regional Development of the Republic of Croatia and in the operational programmes for the use of EU funds in the period from 2014 to 2020.

Considering that the most prominent industry branch in the indicated areas is agriculture, the implementation of the **Rural Development Programme 2014-2020** (the document has been submitted for public discussion) will be aimed at achieving balanced territorial development. The **restructuring of agricultural farms** in order to increase their productivity will be supported by the generational renewal of designated heads of agricultural farms, increase of irrigated areas, encouraging the producers to form organisations and associations and introduction of quality control systems in production, which will strengthen their position on the market. The programme will be aimed at preventing the trend of migration and population decline processes in rural areas by stimulating the development of municipal and social infrastructure and improving basic services for the population of rural areas, as necessary preconditions of their balanced territorial development.

Furthermore, **support to the development of entrepreneurship and creation of new jobs** in rural areas will encourage young people to remain in these areas as well as, over the long term, bring about the return of their former inhabitants who have left them.

Increase of the level of professional competence and information, as well as the acquisition of **lifelong learning** habits, and best practices experiences' exchange of all those involved in the sectors of agriculture, forestry, food industry or entrepreneurship in rural areas will be financed through this programme. Possibilities for cooperation and strengthening of technological development have been opened up through **support of innovative technologies and research**, but also through encouraging the establishment and development of partnerships and operational groups.

The programme will also stimulate the development of community initiatives and the creation of local action groups, as an innovative and multisectoral approach to solving the problems of local communities and raising the standard of living.

Enabling better life conditions in rural areas, which indirectly contributes to the reduction of poverty and social exclusion, will be achieved through the implementation of rural development measures.

Balanced regional development and elimination of regional differences is one of the strategic areas of activity in the fight against poverty and social exclusion. This is a horizontal measure by nature, implemented in all the sector areas of fight against poverty and social exclusion listed above, by each ministry competent for a particular sector, that is, for a particular operation area. In this sense, the ministry competent for regional development is responsible for data and needs analysis, for proposing horizontal measures in different sector areas and for the coordination of investments by designated competent authorities of particular programmes.

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| <b>Main strategic activities:</b>   |
| <b>1. Increasing investment in deprived areas</b> through stimulation of market-oriented entrepreneurship (innovative or ordinary), social entrepreneurship efforts/projects, encouraging partnership models which need to be developed in cooperation with local self-government units in accordance with infrastructural, developmental and/or institutional project designs, including European and international cooperation  |
| <b>2. Increasing the availability of social services</b> by building and reconstructing the social infrastructure, including health facilities, coordination of stakeholders (LSG units, local and regional self-government units, civil society organizations, other bodies) and preparation of county social plans and implementation plans, in order to develop the social services for which local communities have the most need, as well as by raising the quality-of-service standards |
| <b>3. Improvement and availability of municipal services</b> through direct investment in the development of municipal services in deprived areas in accordance with regional programmes  |
| <b>4. Stimulating education, employment and self-employment</b> through the implementation of regional and local education projects; implementation of measures of active employment policy and self-employment stimulation; implementation of rural development measures   |
| <b>5. Implementation of the housing programme</b> and encouraging housing in demographically endangered areas, including special incentives for the most vulnerable population groups, such as the Roma and returned emigrants, by rebuilding houses and building apartments for the returned emigrants, as well as by implementing housing policy measures which will ensure population retention in deprived areas  |
| <b>6. Implementation of rural development measures</b> by encouraging knowledge and innovation in agriculture, forestry and rural areas; increasing the competitiveness of all branches of agriculture; shortening of the food and non-food supply chain in agriculture and food industry; promoting social inclusion in rural areas  |
| <b>7. Providing statistical monitoring of poverty at the regional level</b> (county level)  |

## 5. EUROPEAN AND INTERNATIONAL COOPERATION

### 5.1. European and international obligations

As a member of the United Nations, the Council of Europe, the Union for the Mediterranean and other international and regional organisations and international programmes and projects, as well as projects and programmes of the European Union, the Republic of Croatia endeavours to fulfil its assumed obligations. Especially significant in this sense is the realisation of the **Millennium Development Goals**, which are the basis for the realisation of all special strategic programmes.

This strategy represents an important part in the process of participation in the model of open coordination in the field of poverty and social exclusion and is related to the objectives of the **Europe 2020** Strategy, which proposes three complementary priorities:

- (1) Smart growth: development of an economy based on knowledge and innovation;
- (2) Sustainable growth: promoting a greener and more competitive economy which uses resources more effectively;
- (3) Inclusive growth: fostering an economy with a high employment rate which brings social and territorial cohesion.

**The European Platform against Poverty and Social Exclusion:** A European framework for social and territorial cohesion – is one of seven flagship initiatives for activities with the purpose of fulfilling the objective of reduction of poverty and social exclusion. The Platform aims at creating a joint commitment among the Member States, EU institutions and key stakeholders to fight poverty and social exclusion, ensuring social and territorial cohesion in such a manner that people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in social life.

In the area of **eradication homelessness**, it is necessary to adhere to all the recommendations of umbrella organisations of the European Union (Feantsa, Anti Poverty Network, etc.) in tackling homelessness and poverty issues. Ten key steps - approaches to tackling these issues are of special importance recommended by Feantsa under the title "Toolkit for developing an integrated strategy to tackle homelessness" - and their realisation within available capacities, strategies and plans. In this sense, it is important to create a clear, specific, realistic and concise local and regional strategy of fighting poverty and homelessness. The precondition for this is the availability of clear figures on the number of the deprived and/or estimates of the situation for the local and all other levels and relevant places, as well as the existence of programmes of fighting poverty and homelessness.

Furthermore, upon its accession to the European Union, the Republic of Croatia accepted the **Youth Guarantee**, as a key element in the improvement of the position of young people on the labour market and securing their future, as well as reducing the increasing number of young unemployed persons.

## **5.2. Use of EU funds**

With this Strategy and the establishment of the programme of its implementation, the Republic of Croatia will lay the basis for the use of EU funds in the area of fighting poverty and social exclusion. At the same time, it is essential to integrate the priorities and objectives of this Strategy into programming documents, which are the basis for the use of EU structural cohesion policy instruments, in order to enable, within the operational programmes which will be prepared for the purpose of using European Union funds within the Financial Perspective 2014-2020, the financing of strategic activities envisaged by this Strategy, with the final aim of achieving the primary objectives related to the reduction of poverty rates and increase of employment rates, as well as the headline targets in the field of education.

Elaboration of financing priorities for the participation in operational programmes is carried out within the programming of the use of EU funds for the period from 2014 to 2020. In the next financial perspective, the issue of poverty and social exclusion has been set amongst the priorities of financing from EU funds.

The weak points of the social policy system will be tackled with the support of financing from the **European Social Fund and the European Regional Development Fund**.

A significant part of the regional multisectoral investment programmes in deprived areas are planned to be financed from the following European Union structural and cohesion funds in the fiscal period from 2014 to 2020: **the European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the European Social Fund (ESF)**. Particular activities can be additionally financed to a lesser extent from the **rural development fund** for particular projects, in order to amplify the synergistic effect of the planned measures.

The multisectoral integrated investment approach includes the use of funds related to different thematic priorities in the following fiscal period of the European Union and is not exclusively related to the thematic area No. 9 which refers to targeted 'promoting of social inclusion and combating poverty'. Along with investments related to priority No. 9, it is possible to use the investments related to the following thematic objectives: 3. 'stimulation of competitiveness of small and medium businesses and agriculture and fishery', 4. 'promoting a shift towards low-carbon economy in all sectors', 6. 'environmental protection and promoting efficient use of resources', 7. 'promotion of sustainable transport', 8. 'promotion of employment and support to labour mobility' and 10. 'investing in education, skills and lifelong learning'.

A multisectoral and multidimensional approach focussed on a wider social development effort through a combination of activities enables the achievement of synergistic effects on the regional decrease of poverty and ensures, by being targeted, that the interventions reach those most deprived. Among the tools for such an approach to the use of European Union funds are **integrated territorial investment and development programmes and locally managed development projects**. In connection with this, it is necessary to specially consider the categories of beneficiaries who have a more restricted access to EU funds in new member states, such as smaller local self-government units or members of marginalised communities such as the Roma people.

Funds from the Programme for Employment and Social Innovation (EaSI) have been devoted to overcoming poverty and social exclusion and assistance to the fulfilment of the Europe 2020 Strategy objectives. The programme will support innovative social policies, promote labour mobility, facilitate access to microcredits and encourage social entrepreneurship. The European Commission has also suggested the establishment of the **Fund for European Aid to the Most Deprived** for the financial period 2014 – 2020. The Fund for European Aid to the Most Deprived is envisioned as support to the European Social Fund, that is, to the beneficiaries who live in extreme poverty and are too far from the labour market to benefit directly from social inclusion measures within the European Social Fund. The Fund for European Aid to the Most Deprived would provide aid in terms of food, clothes and necessities for the most impoverished.

### **5.3. Use of international resources**

Apart from the EU funds, World Bank loan assets are also used for the purpose of carrying out reform processes and activities oriented towards the improvement of the social welfare system. Along with their financial assistance, technical assistance of the UNDP, UNHCR and UNICEF is also used for conducting analyses and research in the area of social inclusion and poverty and preparation of strategic background documents.

In the area of prevention of homelessness, implementation plans will determine the tasks related to continuous monitoring of the policies of EU countries and their use of good practice examples in tackling the issues of homelessness and poverty, especially with regard to their policy advocacy and procedures and achievements related to the realisation of the "right to housing".

In the area of health care, the competent authority is negotiating on a new loan which would support the implementation of strategic development measures in the period from 2014 to 2017.

## 6. ROLE OF STAKEHOLDERS, MONITORING AND REPORTING

A number of stakeholders are participating in the preparation and implementation of this strategy: government and public administration bodies, local and regional self-government units, representatives of educational and scientific institutions and civil society organisations and social partners.

**Crucial** to the fight against poverty and social exclusion **is the coordination** of the competent government, public and local authorities, the cooperation of the government, public and civic actors, and the involvement of citizens. In this context, new solutions based on guaranteed rights and the promotion of solidarity and social participation must be sought out. It is important to attain a higher level of solidarity and make efforts to build new social capital, which can be recognized in public activities directed to a greater extent to persons with existential difficulties and aimed at relieving endangered persons from seeking out protection mechanisms on their own, which, due to insufficient familiarity of the beneficiaries with the social welfare system and their rights, often results in unexercised rights and a consequent inability to come out of poverty and exclusion.

Therefore, the strategy implementation programmes will also include measures which strengthen interdepartmental connections within the solidarity policy, support initiatives of non-governmental organisations and the involvement of citizens and promote the development of participation of poor and socially deprived persons in the implementation and monitoring of public policy. Namely, besides the contribution of civil society organisations which are active in their work with socially deprived citizens, the voice of **persons facing existential difficulties** is equally important. It enriches the political proposals, but also enables these persons to again prove themselves as citizens. Measures which promote such methods of action, such as volunteerism and social entrepreneurship, will also be taken into account, since they promote the inclusion of all citizens in social life.

Also planned within the Strategy is the **preparation of implementation programmes for a period of three years**, with targeted measures focussed on the reduction of poverty and social exclusion and precisely indicated designated competent authorities and deadlines for the implementation of measures, devised according to strategic activities indicated herein. These programmes will also include the necessity of preparation of **regional and local strategies**, which must be clear, specific and concise and have measurable performance indicators.

Within the framework of social planning, the ministry competent for social policy will, via the state administration offices in counties, establish a system of coordination and communication for the purpose of preparation of regional and local strategies and programmes by the county councils for social welfare, founded in accordance with the provisions of the Social Welfare Act (Official Gazette, No. 157/2013).

The implementation programmes will include methods of systematic "on site" monitoring of data on poverty and social exclusion and the methods of stimulating and directing of all factors responsible for strategy implementation.

For the purpose of ensuring the coordination of activities for the preparation and monitoring of the implementation of measures, a Working Group for the Preparation and Monitoring of Implementation of the Strategy for Combating Poverty and Social Exclusion (hereinafter: “Working Group”) and an Operational Team for Support to the Working Group for the Preparation and Monitoring of Implementation of the Strategy for Combating Poverty and Social Exclusion (hereinafter: “Operational Team”) have been established. Members of the Working Group and Operational Team are representatives of competent state authorities and institutions, the civil society and social partners, as well as local and regional self-government and the academic community.

Annual reports, integrated by the ministry competent for social policy, on the implementation and impact of the measures, potential problems in their implementation, new developments and, accordingly, decision making regarding new actions, that is, changes and adjustments of policy, will be submitted to the Government of the Republic of Croatia. All competent authorities are obliged to participate in the work of the Working Group and Operational Team and, according to their competence, provide the required information, background documents and reports to the ministry competent for social policy, as well as actively monitor the implementation of measures under their competence.

In programme preparation and reporting, it will be taken into account that social inclusion is a continuing process which requires constant monitoring and the adjustment of adopted measures to new circumstances and changes. With respect to this, it is especially important to evaluate the **effectiveness of the proposed measures and policy** on the basis of previously clearly defined indicators, which will, in addition, enable the comparison of Croatia with the European Union member states.

For the purpose of systematic monitoring of the situation, **statistical data** on poverty and social exclusion are of primary importance. Statistical data on poverty and social exclusion in Croatia are gathered primarily by the Croatian Bureau of Statistics (CBS). Apart from the statistical database of the CBS, for the purpose of monitoring poverty, data obtained from other official institutions and agencies (competent for finances, health care, social policy and youth, pension insurance, etc.) can also be used.

Depending on necessity, the competent authorities are obliged to establish methods of monitoring of specific data if no systematic monitoring has been provided for a particular area, that is, they are obliged to improve the monitoring systems in accordance with the conduct of new activities (systems for monitoring, gathering and providing humanitarian aid).

The ministry competent for regional development will ensure the monitoring of indicators on a regional (county) level related to the employment and education of population, as well as the basic demographic trends in areas where the programme will be implemented, that is, it will ensure the monitoring of indicators used to calculate the development index.

In connection with the at-risk-of-poverty rate, which is currently monitored through polls only at the level of the Republic of Croatia, monitoring by region should also be made possible, primarily at the county level, so as to enable the monitoring of changes with regard to poverty, in connection with the effects of the activities and measures financed through EU funds.

Apart from obtaining statistical data, it is also necessary to conduct **socio-economic research** on poverty with respect to the issue of the reproduction of poverty and different manifestations and social effects of exclusion, as well as with respect to the effects of strategic measures, in order to implement the recommendation of the European Platform on

the development of an evidence-based approach to social innovation and reform aimed at improving the creation and focus of policy.

For that purpose, the implementation programmes will contain specific tasks for the effective mobilisation and use of funds from the Framework Programme for Research, planned within the European Platform.

### ***Contents of the strategy implementation programme***

The strategy implementation programme will contain the following elements:

1. Introduction – general information on the programme tasks, components, designated competent authorities and method of implementation monitoring
2. Strategic area (elaboration for each strategic area)
  - 2.1. Main strategic activity (indicate explicitly the obstacles and weak points within the system, from which the measures will be derived)
    - 2.1.1. Measures for the implementation of the main programme activity, main and specific objectives
    - 2.1.2. Designated competent authorities and co-designated competent authorities for the implementation of measures (determine the form of communication and coordination between particular designated and co-designated competent authorities)
    - 2.1.3. Implementation participants and beneficiaries
    - 2.1.4. The deadline for the implementation of a measure (specify deadlines, they must not be open-ended, e.g. indefinitely extended..., etc.)
    - 2.1.5. Method of monitoring the implementation of a measure by identifying the impact indicators and results with respect to the strategic activity and the primary strategy objectives (projection in the form of numerical data, research, adopted regulations etc., in order to ensure the measurability of progress and the conciseness and objectivity of reporting)
    - 2.1.6. Funds for the implementation of the measure and source of financing
    - 2.1.7. Other comments

**7.MEMBERS AND DEPUTY MEMBERS OF THE WORKING GROUP FOR THE PREPARATION AND MONITORING OF IMPLEMENTATION OF THE STRATEGY FOR COMBATING POVERTY AND SOCIAL EXCLUSION, GOVERNMENT OF THE REPUBLIC OF CROATIA**

| <b>Number</b> | <b>Institution</b>  | <b>Name and surname of the Working Group member, title/profession</b>                            | <b>Name and surname of the deputy Working Group member, title/profession</b>   |
|---------------|---|--|--|
| 1.            | Government of the Republic of Croatia                               | Milanka Opačić, Deputy Prime Minister of the Republic of Croatia, President of the Working Group |  |
| 2.            | Government of the Republic of Croatia, Office of the Prime Minister | Dalibor Dvorny, Deputy Head of Office at the Office of Prime Minister of the Republic of Croatia | Anica Balaband, Senior Advisor at the Office of the Prime Minister   |
| 3.            | Ministry of Social Policy and Youth                                 | Hrvoje Sadarić, Assistant Minister, Deputy President of the Working Group                        | Snježana Franković, Head of Department for International Cooperation<br>Vesna Mastela Bužan, Senior Expert Advisor<br>Branka Kulašić, Senior Expert Advisor<br>Alma Bernat, Head of Department for Social Policy |
| 4.            | Ministry of Finance   | Maroje Lang, Assistant Minister<br>Miljenko Fičor, Assistant Minister and Main State Treasurer   | Nataša Duspara, Head of Service at the Financial System Sector<br>Andrea Kocelj, official at the State Treasury  |
| 5.            | Ministry of Labour and the Pension System                           | Tatjana Dalić, Assistant Minister  | Melita Čičak, Head of Department for Compulsory and Voluntary Pension Insurance<br>Dubravka Balja, Directorate for Labour and the Labour Market, Senior Expert Advisor   |
| 6.            | Ministry of Entrepreneurship and Crafts                             | Zdenka Lončar, Assistant Minister  | Nadica Žužak, Ethics Commissioner  |
| 7.            | Ministry of Science, Education and Sports                           | Ankica Nježić, Assistant Minister  | Maja Dodić Gruičić, Advisor at the Cabinet of the Minister   |
| 8.            | Ministry of Regional Development and EU Funds                       | Venko Ćurlin, Assistant Minister   | Ana Jerković, Advisor to the Minister  |
| 9.            | Ministry of Construction and Physical Planning                      | Borka Bobovec, Ph.D., Assistant Minister   | Marija Boberić, Head of the Department for Housing   |
| 10.           | Ministry of Health  | Luka Vončina, MD, M.Sc., Assistant Minister  | Danica Kramarić, MD, Head of Sector for Health Promotion and Protection<br>Dunja Skoko Poljak, Head of Service   |

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|     |   |  | Marijana Pavlić, Senior Expert Advisor   |
| 11. | Ministry of Economy                                       | Ivo Milatić, Assistant Minister and Head of the Directorate for Commodity Reserves                 | Marijan Varga, Advisor to the Minister   |
| 12. | Ministry of Homeland War Veterans                         | Nevenka Benić, Assistant Minister  | Marijana Tkalec, Head of the Directorate for Homeland War Veterans   |
| 13. | State Administrative Office for State Property Management | Branko Vignjević, Chief Secretary of the State Administrative Office for State Property Management | Vedran Blažeka, Advisor to the Head of Office  |
| 14. | Croatian Bureau of Statistics                             | Marko Krištof, Head of the Croatian Bureau of Statistics   | Dubravka Rogić-Hadžalić, Head of the Sector for Social Statistics  |
| 15. | Union of Autonomous Trade Unions of Croatia               | Darko Šeperić, Expert Assistant for European Integration   | Ana Milićević Pezelj, Executive Secretary for Organisation, Education and Campaigns at the Union of Autonomous Trade Unions of Croatia |
| 16. | Independent Croatian Trade Unions                         | Katarina Litva, Economic Advisor   |  |
| 17. | Central Office of Croatian Trade Unions                   | Andreja Škvorc, Expert Assistant   |  |
| 18. | Croatian Association of Trade Unions                      | Katarina Perković  | Mario Iveković   |
| 19. | Croatian Employers' Association                           | Admira Ribičić, Legal Advisor  | Nataša Novaković, Legal Advisor  |
| 20. | Council for the Development of Civil Society              | Drago Lelas, Vice-President of the MoSt non-governmental organisation                              | Đordana Barbarić, President of the MoSt non-governmental organisation  |
| 21. | External Associate  | Professor Vlado Puljiz, Ph.D.  |  |
| 22. | Faculty of Law at the University of Zagreb                | Professor Zoran Šućur, Ph.D.   |  |
| 23. | Association of Towns and Municipalities                   | Ankica Perhat, Head of the City Council Department for Health Care and Social Welfare in Rijeka    | Maja Pudić Šarar, Head of Social Service in the City of Rijeka   |
| 24. | National Council for Pensioners and the Elderly           | Ana Džanija, Member of the Council and Member of the Croatian Pensioners' Central Office           |  |
| 25. | Ministry of Justice                                       | Daška Leepee Pažanin, Head of EU Service   | Ana Frangeš, EU Service, Human Rights Department   |
| 26. | Government Office for Human Rights and Rights of National | Aleksa Đokić, Assistant to Head of Office  | Lana Vukalović, Advisor at the Office  |

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|     | Minorities  |   |  |
| 27. | Government of the Republic of Croatia, Standing Committee for Social Services | Larisa Petrić, Advisor at the Standing Committee for Social Services    |  |
| 28. | Government of the Republic of Croatia, Standing Committee for Social Services | Marina Tatalović, Advisor at the Standing Committee for Social Services |  |