

**Republic of Croatia
Ministry of Health and Social Welfare**

**IMPLEMENTATION REPORT ON THE JIM FOLLOW-UP PROCESS ON SOCIAL
INCLUSION OF THE REPUBLIC OF CROATIA, BETWEEN THE GOVERNMENT
OF CROATIA AND THE EUROPEAN COMMISSION FOR THE PERIOD MARCH
2007 - JUNE 2008**

Zagreb, July 2008

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Glossary of Abbreviations

AEA	Agency for Adult Education
ALMP	Active Labour Market Policy
ASHE	Agency for Science and Higher Education
ASSC	Areas of special state concern
AVE	Agency for Vocational Education
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CBS	Croatian Bureau of Statistics
CES	Croatian Employment Service
CIHI	Croatian Institute for Health Insurance
CIPH	Croatian Institute for Public Health
CIPI	Croatian Institute for Pension Insurance
CSW	Centre for social welfare
EC	European Commission
EU	European Union
EU10	New member states which joined the European Union in May 2004: Malta, Cyprus, Slovenia, the Czech Republic, the Slovak Republic, Hungary, Poland, Lithuania, Latvia and Estonia
EU15	15 “old” member states of the European Union (prior to enlargement on 1 May 2004): Austria, Germany, Italy, the Netherlands, Great Britain, Sweden, Finland, Denmark, Luxemburg, Belgium, Spain, Greece, Portugal, Ireland and France
EU25	25 member states of the European Union after the enlargement on 1 May 2004 (EU15+EU10)
EU27	Current EU consisting of EU25+Bulgaria and Romania, which joined the EU at the beginning of 2007
Eurostat	Statistical Office of the European Communities
GDP	Gross Domestic Product
HBS	Household Budget Survey
IPA	Instrument for Pre-accession
JAP	Joint Assessment of the Employment Policy Priorities of the Republic of Croatia
JIM	Joint Inclusion Memorandum
LFS	Labour Force Survey
LRSGU	Local and territorial (regional) self-government units
FPREPD	Fund for Professional Rehabilitation and Employment of People with Disabilities
MoELE	Ministry of Economy, Labour and Entrepreneurship
MoEPPC	Ministry of Environmental Protection, Physical Planning and Construction
MoF	Ministry of Finance
MoFWVIGS	Ministry of the Family, War Veterans and Intergenerational Solidarity
MoHSW	Ministry of Health and Social Welfare
MoI	Ministry of Interior
MoJ	Ministry of Justice
MoRDFWM	Ministry of Regional Development, Forestry and Water Management
MoSES	Ministry of Science, Education and Sports
NGOs	Non-governmental organisations
OMC	Open Method of Coordination
PHARE	Poland and Hungary: Assistance for Restructuring their Economies
RC	Republic of Croatia
UNDP	United Nations Development Programme
OGE	Office for Gender Equality

1. INTRODUCTION

All candidate countries in the process of accession to the European Union are required to draft a Joint Inclusion Memorandum (JIM). The purpose of the Memorandum is to assist the candidate countries in becoming more successful in their fight against poverty and social exclusion and in modernising their social protection systems, thus preparing for full participation in the open method of coordination (OMC) in the areas of social protection and social inclusion (SPSI) upon accession.

The process of the preparation and drafting of JIM was an exercise of mutual learning for Croatia and the European Commission. The aim was to prepare a joint analysis of trends, challenges and policy responses, including identification of the priorities for purpose of acting in accordance with European goals in the area of employment, social inclusion and coordination of policies. All relevant stakeholders of the Croatian society participated in the preparation of JIM: ministries, local self-government bodies, social partners, academic institutions, NGOs etc.

The Joint Memorandum on Social Inclusion of the Republic of Croatia was signed on 5 March 2007, when Croatia and EC agreed not only on key challenges in the way of advancement of social protection and social inclusion, but also on the priorities, measures and analyses that need to be undertaken/carried out in the JIM follow-up process with the purpose to prepare Croatia for its future participation in the OMC on SPSI.

Following the signing of JIM, Croatia entered into a phase of translating the challenges into implementation measures and their monitoring. Given that Croatia is not an EU member state, instead of a national action plan, it was agreed that Croatia would prepare a National Implementation Plan on Social Inclusion 2007-2008, which would reflect the priorities defined under JIM, but also the new EU framework for social protection and social inclusion.

In accordance with the activities agreed under JIM, the first conference was held on 2 July 2007 in Zagreb, at which progress made after the signing was analysed and an in-depth discussion on social protection was launched.

The second JIM follow-up conference was held on 11 March 2008 in Zagreb. At this conference Croatia presented its National Implementation Plan on Social Inclusion 2007-2008.

The next agreed step was submitting the report on the implementation of JIM in the period from the signing of the document to the summer of 2008. Croatia assumed the commitment to report to the EC and the partners on the implementation of the measures taken in the key areas of the fight against poverty and social exclusion.

The structure of this report has been harmonised with the EC requirements and guidelines. The report consists of four parts and statistical and other appendices. The first part gives an overview of social, economic and demographic situation, presents an overall strategic approach in tackling the challenges of poverty and social exclusion in the period 2007-2008 and outlines the framework of strategic approach in the period 2008 to 2010. The second and third parts contain information on the implementation of the priorities and measures adopted under JIM and the National Implementation Plan, whereas the fourth part reports on the implementation of specially assumed commitments related to research studies of the

disadvantaged youth and indebtedness, as well as the preparation of specific strategic and action plans in the area of decentralisation and de-institutionalisation of social services.

2. COMMON OVERVIEW

2.1. Assessment of social situation

Demographic trends have not changed significantly. This means that the trends that have already been observed are in place. According to the assessment for 2006, in the middle of the year Croatia's population was 4,440,000, which was very similar to 2003 and 2004. However, the share of the young population continued to drop and the share of adult and elderly population continued to grow. The natural population growth for 2006 was -2.0, which is somewhat more favourable in comparison with the previous years, as well as the fertility rate, which is 1.38. A slight increase in life expectancy for women and man should also be noted, as well as a slight drop in the difference in life expectancy between men and women (7.0 years in 2004 and 6.8 in 2006).

Migration balance is still positive (even if it decreases in comparison with previous years) and among the immigrants there is still the highest number of Croatian citizens who emigrate mostly from Bosnia and Herzegovina.

The mortality rate is decreasing slowly, as well as the mortality rate among elderly persons. It should be noted that the infant mortality rate has dropped to 5.2, although this is still higher than the EU average. The perinatal mortality rate is a favourable 5.3, but early neonatal mortality is still significantly higher in Croatia in comparison with European countries.¹ The list of ten leading causes of death indicates some slight changes, but mostly the shares are the same, with the ischemic heart diseases and cerebrovascular diseases on the top of the list.

In 2007 the real GDP growth of the Republic of Croatia was 5.6%, which was by 0.8 percentage points higher than in the previous year, when the growth rate was 4.8%. GDP growth gradually declined in the course of the year: it was the highest in the first quarter (7.0%) as opposed to 6.6% in the second half, 5.1% in the third and 3.7% in the fourth quarter. In the first quarter of 2008 GDP grew by 4.3%, but economic growth of approximately 4.5% is expected for the whole of 2008.

In the period from January to December 2007 the total industrial production increased by 5.6% in comparison with the production in the comparable period in 2006. Particularly, there increased the production of durable consumer goods (by 14.5%) and capital products (by 10.8%). In the first three months of 2008 industrial production increased by 4.7% relative to the same period in 2007, particularly non-durable consumer goods (by 6.4%) and capital products (by 8.9%). In the first three months of 2008 industrial production was higher by 4.7%, employment dropped by 0.8%, also enabling an enviable increase in productivity by 5.7%.

Tourism continued the positive trend and in the course of 2007 the tourist arrivals increased by 7.5% and there were by 5.6 % more tourist overnight stays than in 2006. At the same time the growth of tourist overnight stays of domestic tourists (7.3%) was quicker than the growth of tourist overnight stays of foreign tourists (5.4%). However, the share of foreign tourists still prevails, both in the number of arrivals (83.4%), and in the number of overnight stays (88.5%). In the first quarter of 2008, there were by 21.3% more tourist overnight stays in

¹ Compare Rodin, U. et al. (2007) Dojenačke smrti u Hrvatskoj u 2006. godini (Infant Mortality in Croatia in 2006). Zagreb: Croatian Institute for Public Health.

comparison with the same period last year, which was mostly a result of an increase in the foreign tourist overnight stays. Only in March 2008 as compared to March 2007 the number of domestic tourist overnight stays was higher by 3%, whereas the number of foreign tourist overnight stays grew by 55%.

In foreign trade, in the year 2007 exports increased by 9.3%, and imports by 10.3%. Due to a relatively lower annual growth rate of exports than imports, the export-import ratio decreased by 0.4 percentage points (from 48.3% in 2006 to 47.9% in 2007). Such trends continued in the first three months of 2008 and the export-import ratio was only 44.9%.

The prices of goods and services used for personal consumption, measured by the consumer price index, in the period from April 2007 to March 2008 grew on average by 4.0%. In the observed period particularly high was the increase in the prices of lease (10.8%), liquid fuels (by 9.5%), clothing and footwear (by 4.9%) and food products (by 6.3%). In the last several months inflation in Croatia, as well as in a large part of the world, has mostly been due to the trends in the prices of food and petroleum. After January 2008 saw a record high annual inflation rate, during February and March it decreased mildly. In March 2008 the annual inflation was 5.7% because of a somewhat lower increase in food prices. In March 2008 the average growth of food prices was 10.2%, directly impacting 55% of the average annual inflation, which was 5.9%. If the direct impact of the prices of oil derivatives (15%) is added to this, more than two-thirds of the total inflation in Croatia was caused by the increase in the prices of food and oil derivatives.

The nominal average net wage growth in 2007 was 5.2% (equal growth rate as in 2006), whereas the real net wage growth was at a rate of 2.2 %, which was by 0.3 percentage points faster than in 2006. In the first quarter of 2008 the average monthly net wage per an employed person was HRK 5,018, which was by 6.2% more than in the same period in 2007.

According to the data of the CBS, at the end of 2007 Croatia's active population was 1,770,131, of which 1,515,647 (or 85.8%) were employed persons, and 243,484 (or 14.2%) unemployed persons. This was a significant drop in unemployment in comparison with 2006, when the average rate was 16.6%. The unemployment rate of women was 18.6%, whereas unemployment rate of men was 10.5%. According to the LFS, the total rate of activities in 2007 (expressed as a three-month average) amounted to 48.8%, with a significantly higher rate of activities of men (57.1%) than the rate of activities of women (41.5%) (the difference was 15.6 percentage points). The overall employment rate was 44.2%, and almost equal was the difference (15.4 percentage points) between the employment rate of men (52.3%) and women (36.9%). The overall of LFS unemployment rate in 2007 was 9.6%, with a higher unemployment rate of women (11.1%) than the unemployment rate of men (8.4%).

The annual average of registered employees in 2007 was 1,516,909, which was an increase by 49,033 people or 3.3% in comparison with the previous year. In terms of the activity sector (agriculture, non-agriculture and the services sector), the structure of employed persons in 2007 indicated that 63.4% of the employed worked in the services sector, 31.3% in non-agriculture and 5.1% in agriculture activities. In comparison with 2006 the share of the services activities increased (by 0.2 percentage points) as well as non-agriculture activities (by 0.1 percentage points), whereas the share of agriculture activities declined (by 0.3 percentage points).

In the course of 2007 seasonal factors affected the trends in the number of unemployed persons registered with the CES. At the beginning of the year unemployment was high and on a mild decline, then saw significant declining until the summer, and after the end of the summer season unemployment increased significantly again until the end of the year. In accordance with this, the highest number of the unemployed was recorded in January (299,083), and the lowest one in August (242,851). At the end of December 2007 CES records had 254,484 registered unemployed persons, which was by 13.2% people less than in December 2006. At the end of 2007 the number of unemployed women decreased by 11.8% in comparison with the end of 2006, but at the same time in the observed period the share of women in the total number of registered unemployed people rose from 60.6% to 61.6%. During the whole year, the average number of the unemployed shrank from 291,616 in 2006 to 264,448 in 2007, or by 9.3%.

At the end of 2007, in comparison with the same period in 2006, unemployment decreased in all age groups, with the biggest decline recorded in the group aged between 15 and 19 (by 23.5%). At the annual level, the average number of the unemployed decreased in all age groups, except the oldest which includes persons aged 50 and above, in which there was an increase of 0.7%. The most significant decrease in unemployment was recorded in the age group between 20 and 24 years of age (16.2%) and between 15 and 19 years of age (13.5%).

The average number of the unemployed in 2007 dropped in all education categories. The average number of the unemployed with up-to-three-years secondary school qualifications decreased mostly thanks to a significantly lower number of the newly registered with CES in this education category.

At the end of 2007, 51,663 persons (or 20.3%) were looking for a job for the first time, which was by 21.2% less than at the same time in 2006. The remaining 202,821 (79.7%) persons had a previous work experience. Of that number, 124,441 (61.4%) were women.

Unemployment in Croatia – in particular long-term (people who wait for employment for more than 12 months) – is quite a sure determinant or „entrance ticket“ for difficulties related to social exclusion. People in unemployment records may be categorised according to the length of their unemployment. At the end of 2007, among registered unemployed persons there were 41.4% persons who waited for a job for less than 1 year (in other words, short-term unemployed persons), whereas 58.6% unemployed persons waited for a job for more than 1 year. More than one-third of unemployed people (36.4%) were waiting for a job for more than 3 years. Although the number of the unemployed on unemployment records for longer than 3 years decreased by 5,470 people, the share of long-term unemployed persons increased by 2.1 percentage points. Long-term unemployment obviously affects women more than men and the share of people unemployed for longer than one year in the total number of unemployed men was 56.1%, and in the total number of unemployed women it was 60.1%.

The education level significantly affects the duration of unemployment (the period of waiting for a job significantly declines with the higher level of educational qualifications). Whereas the share of long-term unemployed (for more than one year) in the total number of unemployed with no schooling and primary school leavers was 76.4%, in the total number of the unemployed with the completed primary school it was 66.3%. The share of long-term unemployed was even lower with people with secondary three-year or four-year education (57.4% and 51.3%, respectively), and with college and higher educational qualifications (48.3% and 44.3%, respectively). Whereas 42.6% of the unemployed with faculty or academy

qualifications found a job after waiting for up to 6 months, with people without school qualifications and with uncompleted primary school the said share was only 15.7%. On the other hand, more than one-half (more precisely, 56.1%) of the latter educational category of people were unemployed for longer than 3 years, whereas the said share with persons with completed tertiary education accounted for 22.1%.

In 2007 a total of 146,689 persons from the records of CES became employed (2,771 people or 1.9% less than in 2006.). Of the total number of the employed, 85,558 people were women, with the share in total employment of 58.3%, as opposed to 56.2% in 2006. Although the absolute number of registered employed persons was somewhat lower in comparison with the previous year, the employment rate increased as the share employed in the total number of job seekers in the course of the year, from 27.6% in 2006 to 29.4% in 2007.

Instead of the former system of lowest wage (the lowest price of HRK 2,441 gross a month which should be paid for full-time work and the threshold for paying social contributions), starting 1 July 2008, the provisions of the Minimum Wage Act have been implemented. Pursuant to that Act the system of minimum wage is applied (HRK 2,747 gross a month), which accounts for approximately 39% of the average wage in 2007. There is a concern that some branches of the economy will not be able to meet the provision mentioned above; consequently, for approximately 64 thousand of the employed in textile, wood processing and leather-and-footwear industry a four-year transitional period has been envisaged in which the share of minimum wage would be multiplied by a certain coefficient, from 0.94 in the first year to 0.98 in the fourth year. At the same time, the trade unions stress that the increase of HRK 300 mentioned above will almost not be felt because of increased inflation and current price increases.

The social expenditures in Croatia are higher than in other transition countries (with the exception of Slovenia). However, there is a visible trend of a gradual decline of total social expenditures after 2001 (in 2004, total social protection expenditures accounted for 23.4% of GDP). Preliminary data for 2005 and 2006 confirm the trend of further decline of the costs mentioned above.² Despite relatively high costs, most of the benefits in the social protection system are low. This is particularly so in the case of pensions, the unemployment benefits and social assistance benefits. The social protection system is predominantly public, but there is an increasing privatisation in some social protection sectors (the pension and health systems and the social services system).

The pension system accounts for the largest part of social protection expenditures. In 2006 the costs of the public pension system amounted to 11.28% of GDP, and those costs have been on a continual decline since 2001, when they accounted for 13.45% of GDP. Although the pension system is based on the insurance principle, due to insufficient funds collected through contributions and specific legal obligation for the provision of funds (contributions) for some categories of insurees, more than 40% of funds for payment of pension benefits come from the state budget. The pension reform started in 1999 introduced numerous changes in the

² Still, it should be mentioned that the data for 2005 and 2006 are not fully comparable with those until 2004, because they include costs of non-consolidated central government and LRSGU and do not include mainly administrative costs of social insurance funds (CIPI, CIHI, CES), which amount approximately to 1% of GDP. The Croatian Bureau of Statistics is intensively working (under the PHARE 2006 program) on the preparation of statistical data on social protection in accordance with the ESSPROS methodology. It is envisaged that by the end of 2009 the social expenditures data in line with ESSPROS methodology for the period from 2003 to 2007 might be available.

pension system. A three-pillar was introduced, with one public and two private pension insurance pillars. The ratio between the number of insurees and the number of pensioners was constantly worsening until the enactment of the new Pension Insurance Act (1999), and thereafter it stabilised (1.36) and improved in 2005 (1.39) and 2006 (1.40). In the period of 10 years (1999-2008) the age of retirement was raised by 5 years (from 55 to 60 for women and from 60 to 65 for men). The low pension replacement rate remains the key problem. The share of average pension in the average wage has somewhat risen after 2000, but continues to be just a little above 40% of the average wage (the share of the average old-age pension for full years of employment accounted for 63% of the average wage in 2006). People who had low wages over their years of employment have a big probability of being poor as pensioners. Yet, in the pension system there is a strong instrument of solidarity or distribution in terms of the minimum pension, which alleviates or reduces poverty of a significant number of pensioners. Also, during 2007 and 2008 legislative amendments were adopted which improved the material status and social security of pensioners who became entitled to pensions after 1999.

Income inequalities and poverty mostly stagnated or declined mildly after 2000. The Gini coefficient in the period from 2001 to 2005 was 0.29, dropping to 0.28 in 2006. Also, the quintile share ratio (S80/S20) decreased from 4.5 in 2005 to 4.2 in 2006. The at-risk-of-poverty rate in 2006 (16.3%) decreased by one percentage point in comparison with 2005 (17.5%) and became almost equal to the 2004 at-risk-of-poverty rate (16.7%). The relative at-risk-of-poverty gap in the last 6 years did not change more significantly (22.5% in 2006 in comparison with 22.7% in 2001). The at-risk-of-poverty rate of women is higher by two percentage points than the at-risk-of-poverty rate of men (the difference between the at-risk-of-poverty rates of women and men decreased in 2006 in comparison with 2004 and 2005). Of all age groups, only the oldest age group (65+) has an at-risk-of-poverty rate above the average and in this age group the difference between the at-risk-of-poverty rates of men and women is the biggest (4 percentage points).

In the period between 2004 and 2006 there was an evident trend of growth of the at-risk-of-poverty rate among single households (38.1% in 2006 in comparison with 31.1% in 2005) and especially among older single households (43,8% in 2006 in comparison with 35,2% in 2005). Households with single parents with one or more dependent children face a high poverty risk (34.8% in 2005 and 32.9% in 2006). Also, the at-risk-of-poverty rate of the households with two adult persons and three and more children was above the average (24.5% in 2006 and 31% in 2005). The at-risk-of-poverty rate of pensioners was above the average (22.7% in 2006), but the at-risk-of-poverty rate of elderly people who do not receive pension benefits was by 170% higher than the national average.³ The median of equivalent household income of elderly people (65+) without pensions is twice as low as the median household income of old-age pensioners. Elderly people receiving no pensions who live in single households have the most unfavourable economic situation. Also, elderly people without pensions generally have worse quality of life indicators than old-age pensioners (more housing problems, lower subjective satisfaction with the family and social life). Social assistance is mostly received by elderly people without pensions who live in single households or with their children, without a partner. One-half of all elderly people without pension benefits live in the Southern Adriatic region and Eastern Croatia. More than 95% of elderly people without pensions are women. The share of elderly people without pensions among the members of minority groups is lower

³ Šučur, Z. (2008) *Socijalna sigurnost i kvaliteta života starijih osoba bez mirovinskih primanja u Republici Hrvatskoj* (Social Security and the Quality of Life of Elderly Persons without Pension Benefits in the Republic of Croatia), *Revija za socijalnu politiku* (Social Policy Review) 15(3): forthcoming.

(8.5%) than among Croats (12.4%). The share of elderly people of Serb ethnicity without pensions was 12.2%.

The number of permanent social assistance beneficiaries in the period 2002-2005 did not change (2.7% of the population), and in 2006 it started dropping for the first time (2.5%). The largest number of the beneficiaries of social assistance is in the Šibenik-Knin County (3.6 times as high as the national average) and the Međimurje and Karlovac Counties (twice as much as the national average). The counties with above-the-average high number of beneficiaries of social assistance were mostly affected by the war, except for the Međimurje County, in which an increased number of beneficiaries is a consequence of a concentration of the Roma population (almost 1/3 of all Roma in Croatia live in this county).

The trends in education have not changed significantly. According to Eurostat data, in comparison with the EU average Croatia has a high share of the young aged between 20 and 24 with completed secondary education (ISCED level 3a, 3b or 3c) (94.6% in Croatia in comparison with 78.1% in EU27, 2004) and a low share of early school leavers (3.9% in Croatia in comparison with 14.8 in EU27 in 2007). The share of persons between 25 and 64 years of age included in lifelong education increased from 1.9% in 2004 to 2.9% in 2006, although it is still significantly lower in comparison with the EU average.

According to the data of the HBS, the share of costs of housing and energy consumption in the structure of personal consumption was on a mild increase (from 13.02% in 2004 to 13.68% in 2006) and was coming close to the share from 2002 (13.71%). Given the increase in the prices of energy and communal costs in the last and this year, it is possible to expect a further increase in housing costs. Also, an increase in the number of newly built flats was recorded (from 18,763 in 2004 to 22,127 in 2006). This is a positive trend, although that number is still insufficient to make up for the large drop in the number of newly built flats in the first half of 1990s.

Access to social care services continues to pose a significant challenge. On the one hand, there is evident positive progress in the development of the social services network (a wider scope of services, inclusion of a larger number of private service providers, strengthening some alternative, de-institutionalised services etc.). However, on the other hand, the demand for institutional and non-institutional services exceeds the supply, there are big differences in the quality and price of private and public services, and the prices of private services are too high for the large majority of the population.

There are significant regional differences in Croatia, which are partially a consequence of recent war events. The territorial distribution of household income indicates specific differences between the regions and counties. The lowest median income is in the households from central and eastern parts of Croatia (the Bjelovar-Bilogorje, Virovitica-Podravina and Slavonija-Požega Counties), whereas the biggest median household income is found in the City of Zagreb and the North Adriatic Region (the Istria and Primorje-Gorski Kotar Counties). The ratio between the median equivalent household income in the county with the highest and the county with the lowest income was 2.9 in 2006.⁴ The differences in the distribution of household income between the regions in Croatia are not significantly bigger than in EU countries, but without adequate political measures they could go up.

⁴ UNDP (2007) Quality of Life in Croatia: Regional Inequalities. Zagreb: UNDP.

2.2. Overall strategic approach

The developments of social protection are a result of the economic and social situation, but also of Croatia's efforts to harmonise its social protection system with the social model of the EU. On the one hand, the objective is to decrease public social costs and labour costs in order to encourage new investments and new employment. Social reforms in Croatia focus on reducing the responsibility of the state, and increasing the responsibility of the individual, the market, the family and the civil society. Nevertheless, guaranteeing the basic social security remains the responsibility of the state. Against the backdrop of these reforms there is the effort to develop the „welfare mix“ model and make a transition from the „passive“ to the „active“ welfare state. A part of the efforts mentioned above is the „3D“ approach: désétatisation (deinstitutionalisation), de-institutionalisation and decentralisation.

Financial sustainability and efficiency of the social protection system is difficult to achieve without economic growth and adequate labour market policy. The National Employment Action Plan 2005-2008 focuses on how to “make work pay”, i.e., on financial incentives which enhance the possibilities of employment for marginal groups in the labour market. Those measures increase the income from work and enhance the work incentives to people who make income only from social transfers (out-of-work incomes). Analyses conducted in Croatia⁵ suggest that the situation is not significantly different from the one in other observed countries, either in terms of over-generosity of social benefits, or in terms of specially emphasised work disincentives. It turned out for Croatia that almost all people (particularly the beneficiaries in the social welfare system) would benefit from employment, but that this benefit is relatively low and particularly sensitive to the mode of making incomes. A study has shown that there are cases and types of families with which disincentives are significant, in other words, when there is a very high marginal effective tax rate when passing from unemployment and inactivity into employment. In Croatia, given “making work pay”, vulnerable are those families in which a member who finds a job can only earn a low wage, which receive all kinds of available benefits and assistance, families with only one working adult member and families with more children.

The pension system reform, which was launched at the end of 1990s, should attain financial stability and sustainability of the pension system through partial privatisation and greater dependency of pension benefits on paid contributions. The new pension system tries in various ways to encourage a longer stay of working population in the labour market. The insureds are motivated to work longer because this significantly affects the amounts of their pensions. Also, early retirement is financially discouraged, although it is alleviated by the latest legislative changes in 2007. Besides, in 2007 the Constitutional Court passed a decision on equalisation of the age of retirement for men and women until 2018, meaning that women will also retire at the age of 65 (the current age for retirement is 60). On the other hand, there are ongoing discussions on the modes of encouraging work activities of people above 64 years of age through the provision of partial retirement or through exemption from payment of contributions in the public pension pillar for those who work part-time. However, it will be difficult to attain financial sustainability of the pension system and higher pension benefits without increasing the contribution rate. Simulations suggest that in the future it will probably be necessary to increase the contribution rate in the second pillar of individual capitalised savings (which now accounts for 5% of the gross salary) and/or revise the mode of determining the basic pensions in the public pillar of pension insurance, in order to acquire pensions which will guarantee decent living standards. In the long term, the pension reform

⁵ Institute for Public Finance (2007) Analiza mjera za ostvarivanje isplativosti rada u Hrvatskoj (An Analysis of Measures for „Making Work Pay“ in Croatia). Zagreb: Institute for Public Finance.

proposal provides for the introduction of a specific state (social) pension within the social welfare system in the mandate of this Government for the elderly people without pensions who do not have the means for livelihood. For the time being, this population of elderly people is oriented on the social assistance system, which provides low benefits and is stigmatised.

The role of social services is becoming increasingly important due to demographic changes and the changes in the structure of the families (constant growth of older population, weakening of the traditional families, employment of women, increase in the number of single-parent families and other vulnerable kinds of families). Therefore, there is a need for the development of a network of alternative forms of services which will be available to beneficiaries in their homes or local communities (decentralisation and de-institutionalisation). The requirement for decentralisation of social services builds on the recommendation of the European Charter of Local Self-government which says that public authorities should be as close to the citizens and on the Constitution of the Republic of Croatia, which includes welfare services into the scope of activities of local self-government. As flagged by the „Decentralisation of Social Services“ project in 2001, there are numerous difficulties on the way to decentralisation. Given that municipalities as basic units of local self-government are small, understaffed and lacking economic resources, decentralisation would be implemented at the level of counties or larger cities. For the time being, the framework of fiscal and financial decentralisation, which is crucial for decentralisation of social services, has not been fully agreed. It is necessary to establish cooperation between state institutions and civil society organisations at the county, city and municipal levels. Significant progress has been made in terms of the development of a network of non-institutional services for elderly and infirm persons (assistance in the home, day care centres). However, it is necessary to continue improving cooperation between state bodies for purpose of efficient implementation of services. It is envisaged that new legislative act on social welfare will be drafted. It would define in greater detail the role of centres for social welfare in provision of services - primarily in terms of the role of centres in the development of partnership with non-profit and profit organisations which provide various services, whereby the beneficiaries would gain access to a larger scope of services and the possibility to chose services depending on the available financial resources.

The Republic of Croatia is fully committed to promoting the gender equality policy, which is being integrated in all programs and regulations. In July 2008 the new Gender Equality Act was enacted, which considerably improves gender equality and protection from discrimination of women, particularly in the area of work and employment. The Act specifically prohibits discrimination on the basis of pregnancy, maternity or any form of guardianship, and fines for breaching the provisions mentioned above have been significantly increased. They now include persons from the private, and not only public sector.

In July 2008 the Anti-discrimination Act was enacted in Croatia. This Act defines discrimination on the basis of race or ethnic affiliation or skin colour, sex, language, faith, political or other conviction, national or social origin, property status, membership in a trade union, education, social position, marital or family status, age, health status, disability, genetic heritage, gender identity, expression or sexual orientation. The central body for the implementation of the Act is the Office of Ombudsman, which receives very wide authorities in the fight against all kinds of discrimination. The Act also defines multiple discrimination and elaborates in detail procedural provisions which provide for filing a number of various claims for purpose of court protection of discrimination victims.

One of the presumptions of sustainable development is the policy of even development of Croatia. For a long time the need for defining a regional policy has been evident in Croatia due to deepening of economic inequalities and differences in living standards between various parts of the country. Key strategic documents are in the process of adoption, which will help in the implementation of regional policy measures. Under the CARDS project „Strategy and Capacity Strengthening for Regional Development“, in 2005 Croatia prepared a proposal for the Regional Development Strategy of Croatia. Adoption of the Strategy is expected in the third quarter of 2008. The Strategy should contribute to sustainable development, increasing national competitiveness and reducing regional inequalities by 2013. Establishment of an appropriate regional policy is considered important from the aspect of utilisation of resources from pre-accession funds and, in the future, structural cohesion funds of the EU. The Strategy focuses on two strategic objectives: 1) capacity building at the level of regions and enhancing the efficiency of regional development programmes and 2) establishing a comprehensive legal framework and building institutional structures to manage the regional development policy. The Strategy defines the areas which have different development difficulties: ASSC, hilly and mountainous areas, island and border areas. The Government has proposed a new regional development act, which is also expected to be adopted in the near future. The new act would prescribe more clearly the criteria for identifying the areas lagging behind in development and instruments for managing regional development. The regional policy management model would be based on the principle of partnership and cooperation between the levels of government and regional units (horizontal and vertical coordination).

The MoHSW is the coordinator of pre-accession activities between the Republic Croatia and the EU in the area of social inclusion, which has resulted in the preparation of the Joint Inclusion Memorandum. The document serves as a framework for the process of programming the future pre-accession assistance in the framework of the consolidated pre-accession programme IPA (*Instrument for Pre-Accession Assistance*). The goal of the Joint Inclusion Memorandum is establishing the scope of poverty and social exclusion, identifying major problems, assessing the impacts of the current policies and measures, and developing an integrated national strategy for the fight against poverty and social exclusion. Immediately after signing of JIM activities were launched on the preparation of the National Implementation Plan on Social Inclusion 2007- 2008.

For purpose of efficient implementation and coordination of various activities of social inclusion, a Department for the Preparation and Implementation of EU Projects in the Area of Social Inclusion was established in MoHSW. The Department coordinates, directs and supervises activities aimed at enhancement of social inclusion, proposes measures for improvement of organisation, contents and mode of work, proposes professional development of expert workers of the Department, participates in the preparation of the draft proposal of strategies and other documents in the scope of work of the Department, prepares and participates in the preparation of analyses, plans and reports, ensures the preparation and monitoring of the implementation of sectoral projects within the framework of the Instruments of pre-accession assistance, follows international regulations and cooperates with international organisations and institutions.

The commencement of the work on the Joint Inclusion Memorandum in October 2005 represented for Croatia a big step forward in the approach to the issues of poverty and social exclusion, as well as shaping up of a relevant policy. This primarily refers to the public debate on all points of the Joint Inclusion Memorandum and involvement of all stakeholders on equal

footing – not only various ministries, but primarily local authorities, social partners and civil society organisations, as well as experts. Many measures in the Memorandum were envisaged on the basis of an explicit and well-argued advocating of involved stakeholders. This approach was also adopted on the occasion of the preparation of the National Implementation Plan, which was prepared on the basis of the proposal of the responsible and implementing institutions and on the basis of the comments and proposals of civil society organisations, representatives of local self-government units and social partners. This was also indicated by the JIM follow-up conference held on 11 March 2008.

A more detailed insight into the overall process of work on the implementation of the Memorandum shows several positive points, but also a number of problems, which are an obstacle to the application of the good governance concept. Surely relevant is the fact that, for purposes of the work on the Memorandum, the issues of poverty and social exclusion gained importance within the scope of activities of various institutions, as it became clear that a number of implementation policies have to be in coordination with the process of social inclusion. Yet, related to those issues is the issue of coordination, in which intensive improvements are ongoing.

The Memorandum has shown that many data and analyses are not available and it has instigated their preparation. Particularly thanks to this fact, in the meantime, for instance, a study was conducted on the efficiency of housing subsidies and other necessary studies were launched (more information about that is provided in Chapter 4).

Preparation of the National Implementation Plan has indicated numerous weaknesses, which are an obstacle to the implementation of the measures recorded in the Memorandum. Namely, not only that many measures could not be accompanied with measurable and clearly defined indicators, which are simply non-existent, but the manner of formulation and managing the policy so far has been such that in many cases it did not take into account clearly expressed indicators, the necessary resources and coordination mechanisms. Those weaknesses in the preparation of the National Implementation Plan and in the implementation of the Memorandum in general were clearly addressed at the conference of 11 March 2008.

Because of a very short period of time that Croatia had for the implementation of the Memorandum since its signing in March 2007, and because of the fact that the work on the preparation of the National Implementation Plan lasted for a long time, among other things also due to the national election in the second half of 2007, there was not enough time to remove the observed weaknesses and they became evident during the work on this report as well. The format of the report is such that it requires full involvement of all actors and a hard work on the answers, which could not be accomplished within a short term. This is surely a process which requires a certain time. To eliminate the observed weaknesses in the future, in other words, to apply the principle of good governance fully, all responsible institutions have been informed about it.

In the JIM follow-up process the coordination with the representatives of local and territorial (regional) self-government was insufficient. Although the representatives of the counties and cities participated in conferences organised in the process of preparation and implementation of the Memorandum and the National Implementation Plan, coordination mechanisms were not established through which all issues addressed in the Memorandum, and particularly those that pertain to the regional and local levels would be perceived as a priority, and reporting mechanisms were not established as well. One of the modes of improvement of the

coordination between the central and local authorities might be the preparation of regional and local programmes for the fight against poverty and social exclusion.

2.3. Overall strategic approach for the period 2008-2010

Strategic approach for the period 2008-2010 is defined by the Programme of the Government of the RC for the Mandate 2008-2011, as well as by other strategic documents.

Strategic framework for development 2006-2013 gives a lot of attention to employment and employing and states that the objective that we want to attain is the following: development and employment in a competitive market economy operating in a European welfare state of the twenty-first century. Development and employment through a competitive economy in a State of social justice is the goal that all the activities presented in this document are aimed at. To attain that goal there are no priorities or chosen economic entities. Each project and each entrepreneur who creates a new value added matters. Each of us can and should contribute to this goal, so each citizen of Croatia is important for its attainment. The basic starting point, but also the message of this strategy, is that growth, development, employment, social inclusion and justice can only be attained by synchronised and coordinated action in a number of strategic areas.

In the area of employment, the National Employment Action Plan 2005-2008 has been adopted, which represents the first National Plan of this kind in the Republic of Croatia. Its preparation is a result of a process of consultations carried out with a wide circle of individuals and institutions throughout the country (and adopted by the Government and the Parliament of the Republic of Croatia in the form of a programmatic policy and structure for the measures in the labour market in the forthcoming years). On the basis of the JAP that the Government of RC (through MoELE) has prepared together with the European Commission, Directorate General for Employment, Social Affairs and Equal Opportunities, it is envisaged that the Annual Employment Promotion Plan will be prepared in the forthcoming years, which will continue to deal with social issues and issues of equal opportunities in the labour market.

One of the key goals is the regional development and fiscal decentralisation policy. The decentralisation process began in 2001, when a portion of the functions of management and financing in the area of primary and secondary education, health and social welfare was transferred to LRSGU. For this reason in 2007 the financial share of LRSGU in the personal income tax increased from 10.4% to 12%. The strategic goal is, until the end of the mandate of this Government (2011) that the share of revenue of LRSGU accounts for at least 20% of total state budget and LRSGU revenues. With this aim the whole European Charter of Local Self-government was adopted, which in 1997 Croatia ratified to a limited extent. It is planned that in 2008 the Regional Development Strategy of Croatia, the Fiscal Decentralisation Strategy, the Act on the Financing of Local and Territorial (Regional) Self-government Units and the Act on the Regional Development of RC will be prepared and adopted. The regional development policy is linked to administrative decentralisation as well, which includes transfer of authorities according to staffing possibilities and expressed preferences of LRSGU. In this respect, on the basis of a discussion with LRSGU, and also with the Association of Cities and Municipalities and the Community of Counties, a decision will be made on further transfer of authorities of primary and secondary education and authorities of CSWs to the local and/or regional self-government and providers of services in the area of primary health care.

Another important priority which is related to the regional policy development is the programme of rural and agricultural development. The baselines for the preparation of this programme are the Draft Rural Development Strategy, Revitalisation of the Croatian Village, and the Programme for Agriculture. Their goal was to accelerate the implementation of legal regulations on agricultural land for purpose of better usability of the available agricultural land and higher competitiveness of Croatian agriculture. In other words, the goal is promotion of rural development (through the development of rural tourism, traditional crafts and trades, quality food etc.) and an increase in the quality of life in rural areas (through investments into rural infrastructure, social and cultural institutions, building family houses etc.). The intention is surely to decrease the differences in rural-urban development.

In the area of the pension system and social welfare it is envisaged that a number of changes will be introduced into the existing schemes, or introduction of new institutes, aimed at improvement of the material position of pensioners, as well as socially vulnerable citizens. The most important one among them is the institute of state or social pensions, which might be received by elderly and infirm persons without any income, Croatian citizens above 65 years of age who have been living in RC for more than 40 years or with an interruption for more than 50 years. It is envisaged that the amount of such state pensions would be equal at least to the amount of permanent social assistance. Although a debate about the future model of social or state pensions for elderly people without an income is yet to be conducted, there is a higher probability that, due to the current economic and fiscal situation in Croatia and problems in the pension system, a means-tested model will be adopted, which will function within the social welfare system. Besides, further improvement of the material position of pensioners is expected through the increase in the average and minimum pensions. The goal is to increase by 2011 the average pension (which accounts for a little more than 40% of average wage) up to the amount of 50% of average wage and ensure that the minimum pension for 25 years of work experience is HRK 1,500. Also, attempts will be made to improve the situation of the so-called old pensioners (who earned pensions by the end of 1998) through the application of the minimum pension from the Pension Insurance Act, which has been in force since early 1999 to this group of pensioners as well. The Government has already passed a decision on the increase of the standard rate of social assistance from HRK 400 to HRK 500, which will be implemented commencing at the beginning of November 2008.

The Government is particularly committed to the protection of the family and strengthening family values, implementation of the National Population Policy, the National Strategy for the Protection against Family Violence, the National Strategy for Equal Opportunities of People with Disabilities, passage of a new regulation on the family support system, as well as all other envisaged measures which promote parenting and help reconcile professional and family commitments for both parents. Special attention will continue to be paid to pro-birth policy and preventing or elimination of child poverty. Given that the consequences of child poverty are multiple, it would be important to examine material situation and level of deprivation in families with children. After that the preparation and implementation of measures for eradicating absolute poverty of children would be addressed.

3. REPORT ON THE PROGRESS MADE IN TACKLING KEY CHALLENGES AND IMPLEMENTING PRIORITIES AND MEASURES IN THE FIELD OF SOCIAL INCLUSION IN THE REPUBLIC OF CROATIA

3.1. Assessment of the progress made in implementing policy priorities for tackling poverty and social exclusion in the Republic of Croatia set in the chapter 8 of the JIM

3.1.1. Raise employability of the groups most affected by long-term unemployment or discrimination

The Government of the RC passed the Annual Employment Promotion Plan for 2007, which includes various measures for encouraging entrepreneurship, development of cooperatives, co-financing of employment, education and self-employment. The measures including employment, education or acquiring additional knowledge and skills in demand on the labour market are targeted at the long-term unemployed, young people without previous working experience, persons of older working age, persons with lower educational qualifications, as well as persons who left school (drop-outs). Further, a part of operational measures pertained to promoting integration and the fight against discrimination of persons in unfavourable position in the labour market (e.g. people with disabilities, persons who have lower employability prospects, unemployed single parents of children under age, treated drug addicts etc.) through co-financing employment and inclusion into the public works programmes implemented by local self-government units. In the Annual Employment Promotion Plan the CES also implemented measures of the preparation for employment and self-employment and co-financing employment of unemployed persons of Roma ethnicity, pursuant to the National Programme for the Roma and Action Plan of the Decade of Roma Inclusion 2005-2015. For purpose of a systematic and permanent resolution of the issue of social reintegration of treated drug addicts and their inclusion into the labour market, the Government of RC on 19 April 2007 adopted a Project of Re-socialisation of Drug Addicts who completed some of the rehabilitation programmes and rehabilitation in a therapeutic community or in the imprisonment system, as well as the addicts under in-patient treatment and who maintain abstinence for a longer time in a stable manner and adhere to the prescribed mode of treatment. The Project has two main components, namely: retraining and additional training of addicts and stimulating employment of former addicts, as one of the most significant form of social reintegration of drug addicts after a completed treatment. Therefore, additional measures for stimulating employment of rehabilitated addicts were included into the Annual Employment Promotion Plan for 2007 and 2008, such as employment in special occupations adjusted to this population, promotion of self-employment, creating the possibilities for addicts to be able to benefit a range of various measures from the Annual Plan and other measures.

In order to promote gender equality in the fight against poverty, attention was given to strengthening women entrepreneurship, particularly focusing on training in the area of modern entrepreneurship, developing entrepreneurial skills and reconciling the career with the professional and personal development aimed at improving the quality of life. Also, various kinds of assistance are provided in acquiring specific expert knowledge of entrepreneurship and management.

3.1.2. Expand the coverage of secondary and higher education and encourage and reform vocational education for purpose of adjustment to the requirements of the labour market

In the last two years the main activities of Croatia's education policy were related to the activities aimed at the promotion of the mandatory secondary education for all, implementation of the Bologna reform of higher education and the reform of vocational education. In order to promote mandatory secondary education for all, in June 2007 the Croatian Parliament adopted the National Programme of Measures for the Introduction of the Mandatory Secondary Education, which provided for two strategic goals in the period 2007-2013: (1) improve enrolment rates of the young into secondary schools and create the prerequisites for higher completion rates of secondary education, and (2) create the conditions for their better social inclusion, in particular the young with special needs, the young with

behavioural disorders and without support of the families and the young people with disabilities.

The National Programme specifies a number of measures for attaining those goals, and in 2007 and 2008 a comprehensive media campaign was conducted in support of the idea of „secondary education for all“. One of the important aspects of this programme is the introduction of external assessment of impacts of secondary education through the state matura (secondary school leaving examination) project. The state matura has been prepared for a number of years and was supposed to be implemented in 2009, but its implementation was delayed by one year after protests of pupils. This will enable a better preparation and timely passage of all relevant by-laws.

In higher education, the implementation of the Bologna reform is continuing. Since the reform was launched three years ago, the year 2008 will see the first generations complete the undergraduate study. In 2008, Croatian universities defined the requirements for enrolment into graduate studies. In June 2008, MoSES passed a decision on free studying for graduate studies students, and an elaboration of this decision is in progress – i.e., reaching a concrete agreement between the Ministry and universities. With regard to the fact that the first students studying under the reformed education system will complete undergraduate studies and enrol into graduate studies only this year, only next year will it be possible to make the first analyses of the duration of the studies, i.e. the impacts of the Bologna reform on the length of studies.

For purpose of the reform of vocational education and development of lifelong learning, the basic activities in 2007 and 2008 were related to defining the legislative, but also political framework for the reform, which included work on the adoption of a new Vocational Education Act, development of the Croatian qualifications framework, inclusion of persons with developmental difficulties into education for employment, as well as other measures defined by the Adult Education Act from February 2007. Funds from the pre-accession programme IPA are available to Croatia for the implementation of this strategic goal.

3.1.3. Expand social services network for children, elderly and disabled persons

A number of different measures were undertaken to develop social services, aimed at expanding the offer of services, improve their quality, increase satisfaction of beneficiaries and promote the forms of services which diminish or eliminate stigmatising. First of all, crucial measures here are deinstitutionalisation and decentralisation of services. When it comes to the issue of deinstitutionalisation, progress has been made in terms of the supply of non-institutional forms of care, particularly for senior population. Building of the system of non-institutional forms of care for elderly people at the national level has continued. In 2007, programmes of provision of services for elderly people have been expanded to all counties except the City of Zagreb, which has already had a developed system of non-institutional forms of care for senior citizens. It is planned that the number of programmes intended for senior citizens will increase from 44 in 2007 to 74 in 2008. In 2006 two programmes of MoFWVIGS „in-home assistance for the elderly“ and „day care and in-home assistance for the elderly“ included 7,275 elderly people, in 2007 the number of included people was 8,241, and in 2008 it is planned that those programmes will include 11,500 elderly people. A total of HRK 20.7 million was spent on those programmes in 2006, HRK 23.6 million in 2007, and in 2008 it is planned that HRK 40 million will be spent. A significant role in the development of a network of services is that of local authorities, as they provide material and other kinds of support, and civil society organisations, whose role is particularly related to provision of the

services. The network of services for the elderly people is available to senior citizens in rural settlements and in the areas of special state concern, but the coverage of the network is insufficient. The number of local communities in the areas of special state concern covered by programmes of non-institutional services for elderly people is gradually increasing from one year to another and in 2008 it is planned that new programmes will be introduced particularly in those areas. In 2006 the programmes included 35 local self-government units or 4,875 beneficiaries in the ASSC, and in 2007, 37 local self-government units and 5,125 beneficiaries. Thanks to building and expansion of this network of services, a certain number of women from rural areas were employed, which belong to the group of persons who have lower employability prospects. Nevertheless, legal regulations which will regulate this area of provision of services are yet to be adopted.

On the other hand, as regards children and persons with disabilities, certain measures of prevention of institutionalisation and development of alternative forms of services have been adopted and implemented. Building of institutions has been stopped, in particular those with a large number of beneficiaries, which dominated in the sector of services for children and persons with disabilities. The number of beneficiaries in state institutions in 2007 and 2008 has not increased, but has stagnated or has declined mildly, depending on the type of institutions. Besides, certain financial resources have been invested in the improvement of hygienic, housing and material living conditions of beneficiaries in the institutions. In 2007 several legislative packages were adopted which were aimed at strengthening of non-institutional services and care. The Foster Care Act has been adopted, which provides for forming of teams for foster care in the centres for social welfare, preparation of a register of foster families and beneficiaries and introduction of a special allowance for the foster parents (so far the foster parents have only been receiving funds which were intended to cover the basic livelihood costs of the beneficiaries). Further development of foster care as an activity is encouraged, as well as spreading the practice of foster care not only for children, but to include adult and elderly people. In order to hinder and prevent institutionalisation of children with disabilities, a new right has been introduced (the right to the status of parents caregivers), intended for parents who have children with serious disabilities. Parents take care of the child's everyday needs in their own home environment, and in return they receive cash compensation and rights arising from pension and health insurance. The right to expert assistance in the families has been also introduced (services of psychosocial rehabilitation), intended for persons with physical or mental disabilities and adult persons with mental illnesses. Legislative changes in 2007 also specified other measures of support to vulnerable families with children for purpose of preventing institutionalisation. However, not much has been done in terms of deinstitutionalisation of persons who are already institutionalised.

Besides the deinstitutionalisation of social services, some progress has also been made in the decentralisation of services. Decentralisation of social services is an integral part of a wider decentralisation strategy (health, education, economic and regional development, fiscal welfare). With the financial support of the Government of the RC and CARDS programme, in 2007 a proposal of the National Strategy for Functional and Fiscal Decentralisation and Development of Human Resources was made. The proposal of the strategy pertains to the redistribution of authorities between central authorities and counties and big cities. Due to insufficient human and financial capacities, for the time being the municipalities do not participate or participate only marginally in the decentralisation process. The process of decentralisation of social care services itself started in 2001, after the amendments to the Social Welfare Act, when the possibilities for entrance of private and profit and non-profit sectors into this area were opened up. After 2001 founding rights were transferred to counties

only for the homes for elderly and infirm persons. The proposal of the National Strategy from 2007 provides for the transfer of founding rights of CSWs, family centres and a majority of social welfare homes to the counties. Also, further possibility of decentralisation of founding rights and activities of the social welfare centres and homes at the level of large cities was also provided for, in accordance with the agreement of county and local authorities. MoHSW continues to have an important role in an even development of the network of institutions. For purpose of the integration of health and social care services, it is envisaged that a council for health care and social welfare will be established at the county level, and a council for health care policy and social welfare policy will be established at the national and regional level.

Access to social services is significantly affected by adequate cooperation between the state, local authorities and NGOs. Such cooperation has already been developed to a certain degree in case of children and persons with disabilities. Also, in the last several years cooperation between NGOs and authorities at the local level has been improved in the area of network of alternative services for elderly people. However, more energy should be invested to make this cooperation successful. In the course of 2007 and 2008, a number of workshops and conferences were held in view of the preparation of a new social welfare act, which should be adopted in the forthcoming years. Within the new, decentralised system the centres for social welfare would provide services in partnership with non-governmental non-profit and profit organisations. This would enable the beneficiaries a possibility to choose among the types of services and service providers in accordance with the available funds. The beneficiaries would use the services of non-state providers on the basis of contracts between CSWs and providers of services.

An important issue is the development of child care services for purpose of reconciling the professional and family life. In that respect in the last two years progress has been recorded in a larger coverage of children in preschool education, because on the basis of MoSES incentives the local and territorial (regional) self-government units have been investing more and more resources into preschool education (this topic is dealt with in greater detail in 3.2.2.6).

3.1.4. Enhance efforts on the prevention of disease and disability and enable equal access to health services for the population at large

Croatia has an elaborated system of measures related to prevention of diseases and disability, and in the last several years it has been upgraded by new preventive measures related to specific diseases. However, since preventive activities related to the prevention of cardiovascular diseases, prevention of breast cancer, prevention of cervical cancer, vaccinated infants and preventive examinations for persons above 50 years of age are in the scope of work of selected primary health care doctors (in the activities of general/family medicine, health protection of women and health protection of preschool children, and are financed through the capitation system), it is not possible to calculate precisely how much funds are being utilised for preventive activities at the level of primary health protection. Some preventive programmes are implemented and financed according to special programmes (e.g. the National Programme of Prevention of Breast Cancer or the National Programme of Early Detection of Colon Cancer). However, the CIPH in the scope of its activities conducts an analysis of status indicators, on the basis of which it is possible to analyse the successfulness of specific programmes. The Institute also works on the promotion and/or coordination of some other preventive programmes (more details are provided in Chapter 3.2.2.5). Still, the total number of preventive examinations in the activity of general/family medicine is unsatisfactory because in 2006 there were only 65,531 regular medical checkups, periodical

and control medical checkups of adults, and this was less by 14% than in 2005 and as much as 82% less than in 1990. The introduction of obligatory regular medical checkups for people above 50 years of age since 2005 will improve this situation, although there are still no processed results of such checkups for 2007.

In accordance with the National Strategy of the Development of the Croatian Health System 2006-2011, whose basic goal is to improve the health system until 2011 so that it can meet the needs of the RC for a good quality, expert medical health care, the preparation of the studies for the reorganisation of emergency medical services has commenced. Three basic prerequisites which need to be fulfilled in order to organise the emergency medical services in an optimal manner and which represent the baseline in the reorganisation of the emergency medical services are the following: equality, accessibility and efficiency. During 2008 the implementation of the Plan and Programme of Health Care on the Islands, adopted in 2007, is being continued.

In the year 2007 for the first time an analysis of difficulties in the access to health services among different income groups was prepared, on the basis of the results of a study on the quality of life conducted by UNDP in Croatia in 2006. The analysis indicated that those who belong to the lowest income groups have, according to their own assessment, a far worse health status and report significantly greater difficulties in access to health services (with regard to the distance from the place of treatment, postponement of the term of examination, waiting in the doctor's office and costs related to the visit to the doctor or the treatment) in comparison with other income groups.⁶ Although such differences are recorded by all European countries, in Croatia in some respects they are extremely big. Those data should be analysed further (as well as new ones on the basis of a new study on the quality of life for all European countries carried out at the end of 2007) and further reform of the health system should be carried out based on such information.

3.1.5. Define a concept of social housing, develop a more adequate system of housing allowances and assistance for households in poor housing situation; build capacity of shelters for the homeless; speed up the solution of housing problems of returning refugees through housing care programmes, particularly for former tenancy-right holders

On the basis of the conclusions of the Joint Inclusion Memorandum for the Republic of Croatia, the preparation of the Strategy of Social Housing has commenced. According to the plan of the MoEPPPC, the Strategy should be completed by the end of this year. Namely, until now in Croatia there has not been a clearly defined social housing concept, although the area of social housing is partially covered by the Programme of Housing Accommodation of the Homeland War Victims under which so far a total of 5,664 flats in 294 locations throughout the Republic of Croatia have been built and bought and by the State-Subsidised Housing Construction Programme. In addition, providing the housing for the socially vulnerable groups of population is in the competence of local self-government units. The Social Housing Strategy will consolidate those regulations, and also provide the guidelines for the forthcoming period.

Resolving housing problems of returnees is developing as planned. In 2007 provision of accommodation through a social housing scheme of 1,400 cases of former tenancy-right holders was resolved. The next 4,000 requests will be resolved in 2008 and 2009, with funds for this purpose being provided by the state budget.

⁶ Comp. Šućur, Z., Zrinščak, S. (2007.) Differences that Hurt: Self-Perceived Health Inequalities in Croatia and European Union, Croatian Medical Journal, 48(5):563-666.

Signing of the Memorandum also encouraged an analysis of the system of housing allowances and assistance to households in poor housing situation. This is the first collection of data about the practice in cities and analysis of that practice, and the analysis was done, with support and cooperation of the MoHSW, by the NGO Ceraneo. On the basis of the analysis a more proposals were formulated, which were consolidated in two key steps. Within the first step it would be proposed to local self-government units to increase the base for exercising the right to allowance for the rental and housing costs, increasing the surface of flats which may be subsidised, providing allowance within three categories, and a campaign on the registration of contracts of tenants would be prepared and implemented so that they would acquire the right to housing allowances. The second step is related to the proposal that assistance in covering the costs of housing should be financed from the state budget, and would be implemented under the framework of work of CSWs.

In terms of the capacities of shelters for the homeless, it is difficult to respond if in the last year there has been an increase in the capacities of the shelters, but in the meantime the MoHSW has collected from the centres for social welfare the data about the shelters for the homeless for the areas in the competence of the centres. On the basis of the data collected it will be possible in the future to monitor the trends and coordinate the policy of local communities.

3.1.6. Work systematically on reducing regional differences

Reducing regional differences presupposes a number of both short-term and long-term measures. During 2007 and 2008 there continued the activities aimed at alleviating the consequences of the war, demographic and economic recovery of depopulated and devastated areas. Significant resources were used for the improvement of basic infrastructure (roads, electrical and telephone network, water supply and sewage) in the ASSC and hilly and mountainous areas, which is a prerequisite of economic and social development. Certain funds are still utilised for de-mining of agricultural and other surfaces, although there is an evident shortage of funds for this purpose (still there are fatalities because of mines which have not been cleared). It seems that it will be difficult to attain the goal of clearing the whole territory of Croatia of mines by the year 2010, as has been planned. Key measures are aimed at the return of the remaining refugees and internally displaced persons and demographic recovery of the former war-affected areas. Provision of housing has a very prominent place in encouraging the return of internally displaced persons (awarding the land, construction material, repair and building of houses), and the majority of the funds earmarked for the former war-affected areas in the last several years were spent for this purpose. Under the projects of providing housing for the former tenancy rights holders in the ASSC or outside of those areas (those are primarily persons of Serb ethnicity), 2007 and 2008 saw intensive continuation of activities of their housing which commenced in 2005. Attempts are made to encourage economic and demographic development of the areas which are depopulated and/or lagging behind economically through tax deductions intended for citizens, through encouraging investments or better utilisation of land and forest potentials. Thanks to the PHARE and CARDS programmes cross-border cooperation projects have been implemented, primarily with Slovenia, Hungary and Italy. The key problem in the way to alleviating regional differences is a lack of strategic documents and instruments (legislation on the areas which lag economically is piece-meal, the regional development strategy has not been adopted as yet, there are big problems in the implementation of legal and other documents). There is no necessary balance between investments into basic infrastructure and investment into other aspects of economic and social development, which adversely affects mobilising

the human, social and economic potentials necessary for the development. Also, reliable data and system of monitoring indicators are missing, which makes difficult the assessment of the efficiency of the Government's measures and interventions. Greater attention should be paid to the projects of social development and access to social services (education, health and social services).

One of the problems in governing the policy of even regional development of Croatia is the lack of adopted strategic documents (they are mainly in the form of drafts and proposals). In the last two years there have been discussions on the proposal of the Regional Development Strategy of the Republic of Croatia, which was prepared in 2005. The intention was to include into the discussion about the proposal mentioned above all stakeholders and levels of government. In this respect a Partners' Group has been formed (Partners' Council), which gathers representatives of central government, local and regional self-government and representatives of social partners and the civil society. In addition, the consultation process includes the representatives of the academic community and various sectors which participate in the activities related to regional development on the county and local levels. It is envisaged that the Regional Development Strategy will be adopted in the second half of 2008. Besides, representatives of the competent ministry have also announced a forthcoming adoption of a new regional development act. This act should prescribe clear and systematic criteria for defining areas which are lagging in development and set the foundations for building a system for managing regional development. After the election at the end of 2007, the organisation of the Ministry was changed, and a separate Ministry of Regional Development, Forestry and Water Management was established. All analyses indicate that the institutional structure should be improved and a more efficient coordination among the ministries, counties and regions should be established (inter-ministerial coordination, councils for regional development).

3.1.7. Finding a long-term and sustainable solution for the problems of poverty among elderly people

The Government of RC makes continual efforts in the improvement of the quality of life of elderly persons. On the basis of a conclusion of the session held on 2 November 2007, the Government adopted the National Programme of Protection and Promotion of Human Rights for the Period 2008 to 2011, which also includes elderly persons as a particularly vulnerable group, and establishes the following as one of the goals: improving the quality of their life through the implementation of the programme of intergenerational solidarity from the scope of activity of MoFWVIGS. Also, pursuant to the conclusion of the Government session held on 23 August 2007 the Program of the Development of Services for Elderly Persons 2008-2011 is also adopted, which ensures the implementation of the programme of intergenerational solidarity of the Ministry, besides other things, in order to prevent and eliminate social exclusion of elderly people.

Priority measures of the protection of elderly people from the risk of poverty and social exclusion may be divided into two groups. One group of measures is related to pensioner population, and the other group of measures to elderly people without pension benefits. In the course of 2007 and 2008 the pension reform continued, which could have a beneficial impact on the position of pensioners only in the longer term. In other words, it is considered that a combined, public-private pension system should ensure pensions which will enable a decent living standard in old age. Still, during 2007 legislative changes were adopted which affected the improvement of the position of pensioners with minimum pensions and reducing the

differences between the so-called old and new pensioners.⁷ Due to the adopted legislative changes, since the beginning of 2008 the minimum early retirement pension benefit has been calculated according to more favourable terms than it had been the case earlier (permanent decrement of pensions due to early retirement is currently twice lower). Also, the differences between old and new pensioners were decreased through the payment of a pension supplement to those who retired after 1999. This measure affected the reduction of the number of beneficiaries of minimum pensions in the first quarter of 2008 in comparison with 2007. Those legislative changes should significantly affect the pensions to be accrued after 2010 (when the supplement will be the biggest).

Material position of elderly people without pensions did not change in 2007 and 2008. The elderly people without pensions who do not have other sources of income are oriented to the social assistance system, because there is no system of social pensions. The rate of social assistance in the indicated period did not change. However, in accordance with the proposals of the Social Benefits Reform Strategy 2007-2008, prepared under the framework of the Second Programmatic Adjustment Loan (PAL 2), in the first quarter of 2008 the Government passed a decision on increasing the standard social assistance benefit by HRK 100, and this decision would come into force at the end of 2008. Social assistance benefits continue to be low and can hardly ensure a decent living standard for the elderly without pensions. A long-term solution of the problem of poverty for this group is seen in the expansion of rights in the pension system. Certain proposals of the pension reform at the end of 1990s and the beginning of 2000s provide for the introduction of the so-called zero pension pillar, which would be financed from the state budget, and which would provide payment of pension benefits to all citizens who have not earned pensions on the basis of (pension) insurance or who receive pensions below a certain level. The programme of the current Government also envisages the introduction of the „national (state) pensions” for elderly people without any income. However, the model of social pensions which would be introduced has not been discussed so far, and neither has been the amount of those pensions. Presumably there are greater chances for introduction of means-tested social pensions than universal social pensions (because of lower social outlays and the model of the Croatian pension system).

Social pensions have several advantages over social assistance benefits. They can improve the material position of elderly people without any income, provided that they are higher than the social assistance benefits. Besides, they affirm their social and economic rights, strengthen their position within families and overall citizenship, contribute to gender equality and more socially just society (more than 95% of elderly people without pensions are women), reduce or eliminate stigmatising (many elderly people do not ask for social assistance benefits because they are ashamed, although they are entitled to that benefit). Finally, there is a significant number of elderly people without income who take care of their relatives (almost 1/4 provide care every day or at least once a week to old or infirm relatives).

3.1.8. Monitor and evaluate the implementation of the National health strategy 2006-2011 from the aspect of its impact on alleviation of poverty and social exclusion

In the course of the adoption of the National health strategy 2006-2011, as well as the Joint Inclusion Memorandum, the public was particularly concerned with the impact of payment of administrative fee on the possibility of utilisation of health services. An administrative fee

⁷ „Old“ pensioners are those who retired before the adoption of the Pension Insurance Act (1999), and „new pensioners“ are those who retired after 1999. Due to raising the age of service for retirement and changes in the way of calculating the pension benefits, new pensioners often received lower pensions, although they had the same or even longer years of service than old pensioners.

was introduced as one of the incentive measures for the development of diagnostics and treatment in the primary health care, due to the need for reduction of referrals of patients to the secondary health care level for all measures which can be carried out in a quality manner at the level of primary health care, but also as a measure of health care financing services. Given that after that other measures of stabilisation of the health system were implemented and given its possible influence on more difficult access to services by vulnerable citizens, from March 2008, the administrative fee was abolished pursuant to the amendments to the Mandatory Health Insurance Act. Currently there are no concrete proposals on possible changes of the health financing system, although there are occasional discussions in public about the necessity to increase private co-financing of health protection. For any new decision it will be necessary to revisit the possible impact of such measures on the poorest citizens.⁸

3.2. Assessment of the progress made in implementing policy priorities for tackling social exclusion in Croatia set in the Chapter 4 of the JIM

Most of the measures in chapter 4 of JIM have contributed to realisation of the priorities defined in chapter 4 of JIM. Nevertheless, the priorities do not include measures focusing on eradication of child poverty. According to CBS data, income poverty rates of children in Croatia are average or below average. However, in Croatia there are still few studies on child poverty, and in particular those studies that deal with more than the concept of income poverty. Measuring child poverty cannot rely only on the indicator of the level of household income. Therefore, in the forthcoming period studies should be carried out which will give an insight into the level of deprivation of children in various areas of living standards, such as: nurture, clothing, housing conditions, consumer goods, social activities, developmental environment, level of information etc.

3.2.1. Enhancing participation of the world of work

3.2.1.1. Facilitate the availability of stable and better quality employment, active employment and training policy

Overview of measures

- **Implement programmes of training and education and intensive individualised mediation and counselling in employment, mastering job search and job creation skills.** The Government of RC adopted the Annual Employment Promotion Plan for 2007, which includes various measures for promoting entrepreneurship, development of cooperatives, co-financing employment, education and self-employment. Measures focus on employment, education and training of long-term unemployed persons, young people without previous working experience, persons of older working age, and persons with lower education level, as well as persons who left school (drop-outs). Further, a part of operational measures was related to promoting integration and fight against discrimination of persons in unfavourable position on the labour market (e.g. persons with disabilities, persons who have lower employability prospects, unemployed single parents of children under age etc.), and to measures of co-financing employment and inclusion into programmes of public works implemented by local self-government units. In accordance with the Joint Memorandum of Social Inclusion of RC (chapter 4.1.1.2) and the National

⁸ Compare Jafarov, E. and Gunnarsson, V. (2008.) Government Spending on Health Care and Education in Croatia: Efficiency and Reform Options. IMF Working Paper. Hit on 20 June 2008 on web page: <http://www.imf.org/external/pubs/ft/wp/2008/wp08136.pdf>; Mihaljek, D. (2007.) Health Care Policy Reform in Croatia: How to See the Forest from the Trees. In: K. Ott (ed.) Croatian Accession to the European Union. Zagreb; A. Čičin Šain (2008.) Neodrživa „socijalna država“ (Unsustainable Welfare State), Jutarnji list, 22.03.2008.; Zrinščak, S. (2007.) Zdravstvena politika Hrvatske (Croatia's Health Policy). U vrtlogu reformi and suvremenih društvenih izazova (In the Whirlpool of Reforms and Contemporary Social Challenges), Revija za socijalnu politiku (Social Policy Review), 14(2):193-220.

Implementation Plan for Social Inclusion (chapter 3.3.1), a number of measures for increasing the employability of groups most affected by long-term unemployment were implemented:

- Co-financing of employment of young people without previous working experience
- Co-financing of employment of long-term unemployed persons
- Co-financing of employment of elderly unemployed persons
- Co-financing of employment of special groups of unemployed persons
- Co-financing of education for the known and unknown employer
- Public works

Since the beginning of the implementation of measures from the scope of competence of CES according to the Annual Employment Promotion Plan for 2007 in the period from 19 March to 30 November, 4,750 contracts were received about the support for employment and education, financing of education of unemployed persons, as well as for co-financing of employment in public works programmes. Through the implementation of active policy measures in the scope of competence of CES in 2007, a total of 8,494 persons were employed or included in education/training (93.1% of the planned 9,125), of whom 4,296 persons were employed through employment support, 707 persons were included into training for a known employer (professional development grants), 2,960 persons were included into training for an unknown employer, and 531 persons were employed through public works programmes. Of the total number of persons covered by the measures in 2007, 4,346 (or 51.1%) were women. From the beginning of the implementation of the measures until the end of 2007, HRK 150.3 million was paid out. In terms of the number of received applications, the biggest interest of employers was reported for the following measures: co-financing employment of young people without previous working experience, co-financing employment of long-term unemployed persons, co-financing employment of elderly people and co-financing employment of special groups of unemployed persons. The measures indicated above pertain to the state employment grants, on the basis of which 4,887 applications were received (88.3% of the total number of received applications), through which a total of 4,211 persons from unemployment records were employed.

On the basis of the measure of co-financing employment of young people without previous working experience in 2007, it is planned that 1,605 persons will be included, whereas implementation results until the end of 2007 indicate that 1,226 persons were employed, of whom 588 women (or 48.0%). The share of the employed on the basis of this measure in total employment through employment support was 29.1%. Achieved results indicate that by implementation of these measures those most frequently employed are persons with secondary, college and higher education qualifications, with small and medium-sized employers. Employers are increasingly using the institute of internship which fulfils the basic goal of the measures – employment of young people without previous working experience in professions for which they were educated in order to attain the necessary working experience and achieve independence in their profession. HRK 29.8 million was planned for the implementation of the measure of co-financing employment of young people without previous working experience, whereas HRK 33 million was paid out, predominantly to small- and medium-size employers.

Due to the adoption of the necessary documents and provision of financial support, the implementation of the active policy measures in 2008 commenced only at the end of March. Within the framework of the Annual Employment Promotion Plan for 2008, through the implementation of the active policy measures in the scope of competence of CES, between 25 March and 30 April 2008 a total of 375 persons were employed or included into training, of whom 166 or 44.3% were women. Employment was realised on

the basis of the following measures: co-financing of employment of young people without previous working experience (48 or 12.8%), co-financing of employment of long-term unemployed persons (130 or 34.7%), co-financing of employment of women above 45 years of age and men above 50 (58 or 15.5%), co-financing of employment of special groups of the unemployed (27 or 7.2%), co-financing of education for a known employer (19 or 5.1%), financing education for an unknown employer (4 or 1.1%) and public works (89 or 23.7%).

- **ALMP measures should be better focused on groups who are or are at risk of becoming long-term unemployed.** On the basis of the measures - co-financing of employment of long-term unemployed persons in 2007, it was planned to cover 1,690 persons, whereas the implementation results by the end of 2007 indicate that 1,693 persons were employed, of whom 1,083 women (or 64%). The share of the employed on the basis of this measure in total employment on the basis of support for employment was 40.2%. The implementation results were as expected because this is a measure with the biggest coverage towards the targeted group of the unemployed, because there are no age limitations, the required educational qualifications and previous working experience, but the only requirement is the duration of being on unemployment records. HRK 33.3 million was planned for the implementation of this measure, whilst HRK 41 million was paid, predominantly to small- and medium-size employers.

On the basis of the measure of co-financing of employment of female persons above 45 and male persons above 50 years of age in 2007, it was planned to include 730 persons, whereas the implementation results until the end of 2007 indicate that 837 persons were employed, of whom 515 women (or 61.5%). The share of the employed on the basis of this measure in total employment on the basis of support for employment was 19.9%. HRK 20.3 million was planned for the implementation of this measure, and HRK 30.6 million was paid out. An increased utilisation of funds in comparison with the planned amount was due to the employment of persons with higher educational qualifications, where the level of support per individual person is HRK 55,791.

On the basis of the measure of co-financing of employment of special groups of the unemployed, it was planned to include 650 persons, whereas the implementation results until the end of 2007 indicate that 455 persons were employed, of whom 69 women (or 15.2%). The share of this measure in total employment on the basis of employment support was 10.8%. Implementation of this measure in 2007 in comparison with the results of the implementation of the measure in 2006 had better effects due to strengthened promotion which affected higher social sensitivity on the labour market for persons who are not competitive and who are in the group of persons who have lower employability prospects because of their personal characteristics. Positive steps have been observed in the implementation of this measure, particularly in comparison with employment of persons with disabilities, who account for 20% of the total number of employed from this targeted group (treated heavy drug addicts, parents of four and more children under age, disabled persons). HRK 15.2 million was planned for the implementation of this measure, whereas HRK 15.6 million was paid out.

On the basis of the measure of co-financing of education for a known employer in 2007, 82 applications were received for in-service training of 85 persons, of whom 67 were women (or 78.8%) and for keeping a job for 707 persons, of whom 202 were women (or 28.6%). According to received applications and signed contracts, employers use more and more frequently training programmes for newly employed persons, whereas in the programme of activities for 2006 training was focused on keeping a job. HRK 12 million was planned for the implementation of this measure, whereas HRK 5 million was paid out. The measure did not achieve the planned results because of the practice on the labour

market that financial support for the training of new employment or to keep the job mainly until 2006 was applied on employers in difficulties or undergoing restructuring, especially employers from the textile industry and shipbuilding.

On the basis of the measure of financing education for an unknown employer, 451 training applications were received, on the basis of which inclusion of 2,960 unemployed persons into training programmes was approved, of whom 1,713 women (or 57.9%). The planned coverage under this measure was 2,200 persons. According the reported requirements of the local markets of the counties, unemployed persons were included in training for construction operational work, welders, marine pipeworkers, independent accountants, foreign language programmes, information technology courses of all levels, auxiliary activities in tourism and catering activity, as well as training in new technologies related to technical professions. HRK 34.7 million was planned for the implementation of this measure, whilst HRK 21.2 million was paid out.

On the basis of the measure “public works”, 114 applications were received, on the basis of which employment of 531 persons was approved, of whom 109 were women (or 20.5%), and the planned coverage was 1,100 persons. This measure shows expected results only in the Vukovar-Srijem, Split-Dalmatia and Osijek-Baranja Counties. HRK 14.7 million was planned for the implementation of this measure, and HRK 3.7 million was paid out.

- **Develop the “culture of evaluation”, i.e., examination of the impacts of ALMP measures and avoiding ad-hoc approach.** The project entitled Evaluation of Active Labour Market Policy Measures in Croatia was implemented. This is a bilateral programme which started in 2006, and is based on the cooperation of the Austrian Ministry of Economy and Labour with the Ministry of Economy, Labour and Entrepreneurship (Directorate for Labour and Labour Market) of the Republic Croatia and CES. In 2007 a study „Evaluation of Active Labour Market Policy Measures in Croatia“ was prepared and in June 2007 a seminar was held entitled „Monitoring and Evaluation of Active Labour Market Policy Measures in Croatia“. In November 2007 a seminar on „Quality Standards in Employment Service – Methods and Experiences” was held in Vienna.
- **Assess to which extent there is successful coordination between competent services and ministries and local initiatives of active employment policy.** It can be assessed that coordination and cooperation of competent services and the MoELE has visibly improved. The project Local Partnership for Employment was implemented in close cooperation with the CARDS project for the implementation of Regional Operative Programmes, and within each Regional Partnership Council a thematic working group for development of human resources was established, which represents the envisaged local partnership for employment. FPREDP can be quoted as a positive example. Together with MoELE, FPREDP is the implementer of the programme entitled Promotion of Gender Equality in the Fight against Poverty. The activity focuses on strengthening women entrepreneurship. CES, several ministries and competent services participated together in a number of domestic and international projects among which the following should be pointed out:
 - The PHARE 2005 project Active Measures for Employment of Groups Vulnerable to Social Exclusion commenced in April 2007, and will continue until December 2008. The goal of the project is strengthening the economic and social cohesion of the most vulnerable groups in Croatian society by raising their employability.
 - DILMA (Development of the Integrated Labour Market of the Adriatic Region) is a follow-up to the project „Development of the Adriatic Labour Market“ (SVILMA). The project goal is, through further development of the partnership of Italian Adriatic regions of Veneto, Friuli Venezia Giulia, Emilia Romagna,

Marche, Abruzzo, Molise and Puglia and Bosnia and Herzegovina, Serbia, Montenegro, Albania and Croatia to realise mutual international cooperation of the state, public and private stakeholders in the labour market; upgrade knowledge and skills of the employed in public and private employment services; and improve institutional cooperation in matching the supply and demand in the labour market.

- IPA programme for the period 2007-2013 is a unique pre-accession instrument which will replace the current pre-accession programmes CARDS, PHARE, ISPA and SAPARD and consolidate their elements. Its goal is to prepare candidate countries for as good implementation of structural and rural development funds after EU accession as possible. CES participated in the preparation and adoption of two documents significant for the implementation of the fourth component of IPA, „Framework for the Compliance of Strategies 2007-2013“ and „Operational Programme for Human Resources Development 2007-2009“, whose implementing agency is the Central State Office for Development Strategy and Coordination of EU funds.

In the enhancement of capacities, coordination and cooperation among competent bodies particularly important were activities related to financial management of the European Union projects. Pursuant to the Decision on the Appointment of Persons Authorised for Managing the Instrument for Pre-accession Assistance (IPA) and a decree on the Scope and Content of Responsibility and Authorities of the Bodies in Charge of Managing the Instrument for Pre-accession Assistance, the Croatian Employment Service was appointed the implementation body for a number of measures under the Operative Programmes of Human Resources Development. For this purpose the Department for Financing and Contracting EU Projects was established, which has been entrusted with the activities of implementation of tenders, signing contracts with beneficiaries and project contractors, financial control of applications for payment and their control, and supervision at the project level which includes control in the field and, if irregularities are identified, reimbursement of funds. During 2007 the Department, together with other institutions from the Operative Structure for the Implementation of Component IV of IPA programmes, started the preparation for obtaining the accreditation, for purpose of management of IPA programme. The accreditation is expected in 2008.

- **Carry out decentralisation in developing employment policy, launch and encourage initiatives at the regional and local labour markets which will instigate partnership and include all available factors that can contribute to improvement of employment at the local and regional level.** In May 2007 the final report of the project Local partnerships for employment was submitted. The project was implemented in the areas of four Croatian counties: the Brod-Posavina, Požega-Slavonia; Karlovac and Lika-Senj Counties.⁹ The project was implemented in close cooperation with the CARDS project for the implementation of the Regional Operative Programmes of the Ministry of the Sea, Tourism, Transport and Development, and within each Regional Partnership Council a thematic working group for development of human resources was established, which represents the envisaged local partnership for employment. The project goal was to develop, at the local level, partnership in the employment system, encourage joint ownership and make a clear division of responsibilities, upgrade mutual knowledge sharing and exchanging experience, develop a dialogue and communication, build and develop capacities and enhance problem solving competencies. Project CARDS 2003 “Decentralisation and Restructuring of the Croatian Employment Service” was completed

⁹ The final report of the project can be downloaded from the web page http://www.hzz.hr/CARDS2004-lpe2/userdocsimages/docs/reports/Final_Report.pdf

on 25. October 2007, and was implemented with a view to strengthening regional and local capacities of CES by upgrading skills, technological knowledge and experience, which would improve a more direct inclusion of the CES into local development needs and initiatives. Under the project some key documents necessary for further reorganisation of CES were drafted (Strategic Plan of CES for the Period 2007-2011 and Code of Ethics); workshops for operational managers from the Central Office and all local offices were held and a study tour was organised in Northern Ireland and the Republic of Ireland for purpose of familiarisation with the labour market systems of the two EU member states. In May 2008 the project of Central State Office for Administration was closed. The project provides for decentralisation of the employment system over a three-year period, harmonising the standards and better linking with the social welfare system, but also preserving the autonomy for realisation of the priorities of policy and measures.

- **Return to unemployed persons (their associations) the status of social partner, which they used to have.** Under the project mentioned above of the Central State Office it was pointed out that at different levels of government there is a need for integration of the services of the employment and welfare sectors to optimise the use of resources and avoid duplication. This integration will be ensured through, for instance, local council for employment and social welfare, or social councils. It is envisaged that the council will prepare medium-term plans and capital investment programmes. The council will also ensure through regular meetings and discussions reaching of a consensus, consultations with stakeholders with special accent on the representatives of unemployed persons and their wider participation in planning and decision making process.

3.2.1.2. Promoting integration and fight against discrimination of people in the unfavourable position in the labour market

Overview of measures

- **Promote employment of persons with disabilities in open labour market.** In the records of CES in December 2007 the overall number of 5,703 unemployed persons with disabilities was recorded. During 2007 the overall number of 1,423 persons was employed. In line with the current legal regulations, persons with disabilities participated in all business processes implemented by CES. For several groups of beneficiaries, such as persons with disabilities, young persons who have lower employability prospects, unemployed women above the age of 40, a number of information technology courses are organized, as well as proactive employment search.
- **Implement measures aimed at employment of persons with disabilities through various types of self-employment, by carrying out particular crafts of service activities (promote the development of entrepreneurship of vulnerable groups).** During 2007 in the CES the identification of persons with disabilities was permanently implemented, with requirements for vocational counselling, taking in account the age, educational and working status. During 2007 the overall number of 349 persons with disabilities was involved in job oriented training and 2,257 persons with a certain factor resulting in lower employability prospects, out of which most of the persons with various types of physical disablement. In implementation of activities in 2007 the overall amount of HRK 222,291 was spent (the expenses referred to health checks, psychodiagnosical instruments and information materials for persons provided with job oriented training services). With a view of upgrading the level of work with various groups of beneficiaries, during 2007 the capacities upgrading training of CES's vocational counsellors were organized (upgrading of vocational counsellors for application of various psychodiagnosical instruments, methods of conducting selection interview, as well as foundations of group work with various groups of unemployed persons). Educated were

the counsellors from all regional services of the CES. In 2007 vocational training of 60 CES vocational counsellors was implemented, as well as vocational associates from schools for application of the “My Choice” Programme; apart of it the manual with 250 descriptions of professions, as well as other promotional materials have been printed and distributed to training institutions, competent ministries and agencies. The expenses of the activities implemented in 2007 totalled to HRK 267,876 and the costs referred to upgrading of vocational counsellors for preparing of psychodiagnostical instruments, “My Choice” Programme, as well as other professional topics of job oriented training, selection and rehabilitation.

- **Provide funds for adaptation of jobs suitable for employment and work of persons with disabilities and increase the accessibility and adequacy of educational system with a view to their streamlined employment.** Special attention is paid to the enhancing the employability of persons with disabilities and the CES is permanently engaged in establishing of the model of vocational counselling in educational system. With a view to providing for wider access of students and all unemployed persons to vocational counselling, since January 2007 vocational counselling computer programme is being applied. The Programme is available to all unemployed persons, comprising persons with disabilities in all regional CES services, some non-governmental associations and about hundred of primary and secondary schools and institutions aimed at education of adults. The representatives of CES Central Service, Employment Preparing Department responded to the invitation of the AVE and held courses for teachers working with children with developmental disorders in 2007. The participation was anticipated by vocational upgrading plan of vocational schools in the field of health care and social welfare, i.e. vocational training of teachers working with such groups of children. The courses titled “Vocational Counselling of Students with Developmental Disorders and Employment of Disabled Persons” were organized in September and December 2007. The CES participated in 2007 in the Project of German Agency for Technical Cooperation “Market Oriented Vocational Training in the Republic of Croatia”, as well as preparation of the second phase of the Project for the component “Establishing of Local Partnership Model in Vocational Counselling”, to be implemented in 2008, comprising the educational institutions as well.
- **The employment quota system is required with a view of defining the liability of employers to employ a certain percentage of persons with disabilities.** Since the FPREPD is currently searching for solution for quota system supervision, the number of employed persons with disabilities, with the employers subject to the quota system, is still not available. According to the amendments to the Law on Professional Rehabilitation and Employment of People with Disabilities, the obligation of implementation of the quota system (the liability of employers to employ a certain percentage of persons with disabilities on a determined number of employees)) is cancelled because it did not have a positive effect on the employment of the persons with disabilities. Thus, the quota system is kept only as the possibility of the employer to choose to pay increased contribution for employment of persons with disabilities (instead of 0.1% he or she pays 0.2%). The implementation of the above mentioned Law is under supervision of the Tax Administration in the MoF.
- **Implement and further develop the measures of Roma integration in labour market by means of their involvement in education and training and vocational training programmes, co-financed employment, public works, counselling on job search etc.** Pursuant to the goals set forth by the National Programme for Roma, i.e. Action Plan for Decade of Roma inclusion 2005-2015, the integral part of the annual employment promotion plan for 2007 comprises the measures aimed at training and employment of

Roma in all economic branches: involvement of Roma in employment preparation programmes, evaluation of the remaining work capacity, establishing favourable environment with the employers for employment of Roma; providing assistance for self-employment, employment in public works programmes (Roma for Roma and Roma for Local Community); training and development of the network for collection of secondary raw materials for recycling; employment co-financing. Pursuant to the measures referred to in the national Roma Programme / Action Plan for Decade of Roma inclusion for 2007, referring to employment and training of unemployed person of Roma national minority, from March 19 by the end of 2007 the overall number of 63 applications were received, out of which 62 applications have been assessed as eligible and 62 contracts have been signed for employment and training co-financing, training financing of unemployed persons of Roma national minority and employment financing under the public works programmes. The measures comprised 216 persons of Roma national minority from the records of unemployed persons, whereof 202 persons were employed and 14 persons were involved in the measure – training for unknown employer. Out of the total number of 216 persons of Roma nationality 50 (23.1%) were women. The application of the above measures was aimed at increasing the employability of long-term unemployed persons of Roma national minority, enhance their social inclusion through community services and mitigate social impacts of unemployment for persons of Roma nationality. The highest number of persons of Roma national minority was employed in public works. The unemployed persons of Roma national minority are mostly interested in involvement in public works programmes (with emphasize to communal works programmes) in the Osijek-Baranja County, Sisak-Moslavina County, Koprivnica-Križevci County and Međimurje County. Based on the employment co-financing and training of unemployed persons of Roma national minority since March 19 by the end of 2007 the overall disbursements amounted to slightly above HRK 3 million.

- **Provide for full implementation of regulations on employment of national minorities, comprised by the Constitutional National Minorities Act.** The provision of Article 22 of the Constitutional Act sets forth that the members of national minorities have the right to be represented in the government administration bodies and judicial bodies, taking in account the participation of members of national minorities in the overall population at the level at which the body is organized, as well as the acquired rights. With respect to employment of members of national minorities in government administration bodies, the Central State Administration Office has since 2006 carried out a number of activities, aimed at implementation of the Constitutional Act on the Rights of National Minorities. The said activities refer to review of the current status of employed members of national minorities, planning of employment of members of national minorities, education of civil servants in implementation of Constitutional Act on the Rights of National Minorities and informing of members of national minorities on the rights they are entitled to pursuant to the provisions of the Constitutional Act. Since July 2007 all government administration bodies are liable to submit monthly data on the number of employed persons to this Office, with separately indicated data on the members of national minorities and their structure upon gender, qualifications, type of employment and the status. Pursuant to the said data the status review is carried out and the improvement measures proposed. According to the latest processed data on April 30, 2008 the overall number of 1,918 members of national minorities were employed in government administration bodies (whereof 1,773 civil servants and 145 employees); the overall number of 222 members of national minorities were employed in government administration offices in counties (whereof 201 civil servants and 21 employees). The members of Serbian national minority account for the highest number of employed persons (1,300) and the members of the Roma national

minority for the lowest (1), since the low number of the said national minority members has the appropriate qualifications, required for civil service. In line with the statutory requirement the plans of admission to civil service have to comprise the number of employed persons of national minorities and the required number of national minority members, to be employed in government administration bodies, is planned. The plans are published in "National Gazette", on the web site of the Office and at least in one daily newspaper, with circulation in the whole territory of the Republic of Croatia. Pursuant to the Plan of admission to civil service for the government administration bodies, professional services and the offices of the Government of the RC for 2008, the overall number of 226 national minority members is planned in the bodies comprised by the Plan. The comparison of the actual status of the employed national minority members indicates progress in employment of national minority members. On the date of adoption of the Admission plan for 2007 the overall number of 1,971 national minority members were employed in government administration bodies and on the date of adoption of the Admission Plan for 2008 the overall number of 2,016 national minority members. The actual increase is higher from the mentioned number, due to the permanent fluctuations of the employed persons (retirement, termination of employment by consent and similar). The national minority members have to invoke the right of employment priority when applying for jobs and they have priority under the same conditions, that is, they have to meet the requirements of the vacant position and achieve the equal results in the testing procedure. The representatives of this Office participate as members of the admission commission in all employment procedures in government administration bodies and provide for implementation of Article 22 of the Constitutional Act on the Rights of National Minorities and provide guidance to government administration bodies on implementation of the said provision. Further, during 2007 the contents of announcements for vacancies of all government administration bodies have been standardized, correspondingly, the texts of all vacancy announcements indicate the priority right of national minority members in employment in government administration and judiciary bodies. In the employment procedure each candidate is guaranteed the right to appeal against the decision on admittance to civil service. The decisions on appeals are passed by the Civil Service Committee, an independent body organized in line with the Civil Servants Act. During 2007 the Civil Service Committee has received the total number of 10 appeals from the national minority members due to infringement of their employment priority right. Out of the above number of appeals, nine have been rejected; since the candidates have not met the conditions set forth by the vacancy announcement, or have not achieved the required number of points in testing. Correspondingly, their priority right under the same conditions with respect to the remaining candidates has not been infringed. In 2007 the Office organized the round tables on implementation of the Constitutional Act on the Rights of National Minorities. In co-operation with the OESS Mission in the Republic of Croatia in Croatian Parliament the Round Table was organized under the title "Implementation of Article 22 of the Constitutional Act on the Rights of National Minorities: Admittance in State Administration Service". On the web sites of the Office the data on employment opportunities of the national minority members are regularly updated (publishing of plans for civil service admittance, information on employment method and procedure and the employment priority right etc). In the Centre for Vocational Training and Upgrading of Civil Servants in the Office during 2007 the training programmes for civil servants were held, comprising the issues on national minorities rights as well. The "Employment in Civil Service" Programme is being held (designed for councillors engaged in employment), by which the attendants are receiving vocational training in implementation of employment procedure, with special emphasize to special regulations granting the

employment priority right to national minority members and disabled persons. In the Central State Administrative Office the National Minorities Department was established, the Department which will carry out the tasks referring to minority elections, elections for councils and representatives of national minorities, supervision over the statutes of the LRSGU in the segment referring to minority rights, registration of the national minorities councils and representatives, employment of national minorities members in government administration bodies and LRSGUs. The procedure of staffing of the said Department is in course.

- **Gain insight in ALMP measures, comprising the social assistance beneficiaries.** In Croatia the records of social assistance beneficiaries is not mandatory, either in workfare measures policy, or in laws or executive regulations or rules of procedures. Across Croatia some very successful programmes have been implemented, however the said programmes were more result of activities and coordination of local authorities, where the local communities are well acquainted with the social assistance beneficiaries. The participation in such programmes (such as for instance in Zagreb, where the social assistance beneficiaries assist in uprooting the ambrosia) is often awarded with free of charge vouchers for training programmes and/or foreign language courses, what significantly raised the interest of beneficiaries in participating in the programmes.

Resources allocation and responsible institutions

Most of the funds for ALMP are allocated from the Central Government Budget and the funds of local administration bodies. The bodies in charge are the MoELE, and CES, which are implementing various workfare measures across Croatia; the other ministries have actively participated as well.

Multidimensional approach and the governance of policies and practices

Although the multidimensional approach and the governance of policies and practices have not fully become a reality, the assessment can be made that a significant progress in cooperation and coordination of various bodies and activity areas has been achieved in this area. This is in particularly evident with respect to the pilot project – Development Planning of Social Services at Local Level, where various representatives from local institutions, providers of services (homes, centres for social welfare, administration bodies, employment services, health institutions and other) and beneficiaries of services have participated in creation of social services local plans. The beneficiary of services is in the focus of this plans and the emphasis is placed on improvement of his employability and employment promotion. The emphasis is laid on the integrated local network of services providers and strengthening of partnership with non-governmental associations, as well as involvement of the family and wider community.

3.2.2. Access to social services and social protection benefits

3.2.2.1. Pension system

Overview of measures

- **Achieving long-term social security for elderly without any income and their protection in transitional period.** The proposals of pension system reform and the programme of current Government anticipate extension of pension rights to elderly, who are not entitled to pensions pursuant to insurance (social pension's concept). The pension would be the basic social income in the old age to which all citizens of the Republic of Croatia at the age of 65+ be entitled (without pension income), who have lived in Croatia for a certain period. The Government plans introducing of social pension in its mandate from 2008-2011. The discussion on the model and amount of future social pensions is

pending. In the meantime the elderly without income can be entitled to social assistance. Some 15% of households comprising elderly without pensions are social assistance beneficiaries (three times higher than in households comprising old-age pensioners). The most disadvantaged are the older singles without pensions: over 42% are social assistance recipients. Apart of it, social assistance is distributed to about 30% of households including an elderly without income and children, without partner. The elderly mostly use three rights under the social assistance system: permanent assistance, supplement for assistance and care and personal disability allowance. In late 2007 the overall number of 11,741 elderly (65+), living in households receiving permanent social assistance were recorded, 43,841 elderly were recipients of the supplement for assistance and care and 549 elderly were recipients of personal disability allowance.

- **Review the role of the minimum pension.** Upon entering into force of the new Pension Insurance Act in 1999 a high number of pensioners was entitled to the minimum pension as the most favourable (from 1999 – 2003 not less than 55% of new old age and disability pensioners). However, due to the adoption of the Act on Pension Supplement in 2007,¹⁰ the number of minimum pension beneficiaries decreased, since the pension increased by the supplement exceeded the minimum pension. The share of minimum pension beneficiaries among the new pensioners amounted to 30% in 2007 and 20% in the first quarter of 2008. In line with above, the share of funds allocated for the minimum pensions in the overall pension expenditures was reduced from 2.58% in 2007 to 2.29% in the first quarter of 2008. Apart of it the difference between the average pensions of the old and the new pensioners was reduced (from 25.8% in late 2006 to 19.7% in the first quarter of 2008). Further, by entering into force of the Act on Amendments to the Pension Insurance Act, since beginning of 2008 the minimum pension was increased for beneficiaries with over 30 years of length of service for retirement, as well as the early old age pension¹¹. Considering the important role of the minimum pension, being the key instrument for achieving the principle of solidarity and redistribution in the intergeneration solidarity system, the methods of sustainable financing of the minimum pension are still being considered. That is, the question is whether the said pension should be financed from pension contributions or budgetary finds, or through the financing mix model. (see Chapter 4.5)
- **Establish preconditions for involvement of pensioners in remunerated jobs.** The new Contributions Act provides for exemption of contributions payment for mandatory insurance by pension beneficiaries who earn additional income. The same possibility has already been provided by the Act on Amendments of the Crafts Act, provided the pension beneficiaries earn additional income by carrying out of cottage industry or auxiliary occupation. The above measures are likely to result in increase of the number of pensioners earning additional income, improving thus their personal financial status and social security by themselves. Apart of it, since after 2009 the pension will be calculated on the basis of wages throughout the whole working age and that the beneficiaries using the possibility of later retirement will be entitled to higher pension supplement (in line to the earlier mentioned Pension Supplement Act), this is likely to stimulate longer working age

¹⁰ By this Act the status of pensioners entitled to pension after 1999 exclusively in the public pension pillar was improved, upon which the pension supplement was disbursed, amounting to 4% for persons retired in 1999, up to 27% for persons which will be entitled to pension in 2011 or after. The supplement, as well as the pension, is adjusted twice a year: in line with the wages and consumer prices index in 50:50 ratio.

¹¹ By January 1, 2008 the amount of the minimum pension per each year of the length of service for retirement was half for each year of the length of service for retirement after 30 years, than for each year of length of service for retirement up to 30 years. Upon January 1, 2008 the said amount was levelled for all years of service for retirement. On the other hand, the permanent decrease of the pension was reduced for persons entitled to early old age pension. Since January 1, 2008 the maximum permanent decrease due to early retirement amounts to 9%, whereas it previously amounted to 20.4%.

and later retirement. In general, the analytic background has to be developed for extension of the right to employment with simultaneous exercising of the right to old age pension

- **Monitor the impact of the transition to individual capital savings to the pension gender inequalities, as well as the impact of pension adjustment mix (in line with wages and consumer price index) to the older pensioners.** The women and men of the same age, having the same amount of pension savings, are entitled to the same amount of pension from the second pillar of individual capitalized savings. However, the different age for entitlement to old age and early old age pension, increases the risk for women retiring at the younger age, to be entitled to lower pension from both the first and the second pillar than the men. Entitled to early old age retirement from both compulsory pillars were only the women who were near the age of 50 in 2002, when they voluntarily decided to join the second pillar insurance, whereas the men turning 60 will be entitled to the early old age retirement from both pillars as of January 1, 2012. In July 2007 the Act on Pension Insurance Companies and Pension Disbursement was amended, prohibiting gender inequality in rights in voluntary supplementary pension insurance, except in the cases where the pension amount depends on actuary calculation. The pensions are adjusted twice a year in line with the percentage of wages variations and consumer prices index in 50:50 ratio. Such pension adjustment provides for real pension growth at the rate which is half the amount of the real wage growth rate. In the period from January 1, 1999 to January 1, 2008 the overall consumer prices increased by 35.6% and the overall pensions adjustment amounted to 59.9%, what means that the real pension increased by 17.9%. Although the statutory method of pension adjustment provides for pension increase, being less than the wages increase, the pension adjustment in the previous period still provided for real pension increase and improvement of pensioners' standards of living.
- **Take in account the adjustment of pensions with the minimal standards.** The Republic of Croatia is signatory of the Convention No. 102 of the International Labour Organization on Minimum Social Insurance Standards, whereof it regularly reports to the said organization. The pension amount pursuant to the obligatory pension insurance meets the statutory minimal standards.

Resources allocation and responsible institutions

The responsible and implementing institutions for the above mentioned measures are the MoELE and CIPI. The competent ministry for implementation of measures aimed at protection of elderly without pensions is the MoHSW. The measures are financed from the pension insurance contributions and the State Budget.

Multidimensional approach and the governance of policies and practices

The measures referring to pension system will have impact on other social sectors as well: economic trends, gender equality, social services, overall social status of elderly. The more frequent involvement of pensioners in remunerated jobs will improve not only their financial status, but also have positive impact on economic growth. Introducing of social pensions should contribute to gender equality in the old age, since the women account for over 95% of elderly without pensions. Apart of it, the social pension can be accepted as compensation for the care provided by the elderly to the other persons. The social pensions should reduce the high stigmatization level, usually linked to social assistance. The social pensions strengthen the citizenship of elderly without pensions.

3.2.2.2. Child and family benefits and child care

Overview of measures

- **Fairer distribution of funds for child allowances.** Amendments of the Child Allowances Act provided from January 1, 2007 for extended possibility of entitlement to child

allowances for beneficiaries, whose monthly income per household member amounts to 50% of the budgetary base or less (previously 40% or less). Apart of the two, three income brackets have been introduced, providing for fairer distribution of funds among child allowances beneficiaries. The beneficiaries whose income per household member was only slightly above the lower income threshold in the previous system are now entitled to the higher amount of child allowance.

- **Extend the income test to the children with severe disabilities.** Pursuant to the Amendments to the Child Allowances Act from 2006, the income test was not introduced for child allowance beneficiaries raising children with severe health impairments pursuant to social welfare regulations. Initiating of the procedure for adoption of the new regulation, providing for this right is anticipated for November/December 2008.
- **The registration with the employment services should not be requirement for the right to maternity allowances for unemployed mothers.** Pursuant to the Maternity and Family Allowances Act, the adoption of which is pending, as of January 1, 2009 the mandatory registration with the employment services will not be requirement for entitlement to the right to maternity allowances for unemployed mothers and mothers not seeking jobs. The unemployed mothers will still be liable to register with the employment service to be entitled to the right to benefits during the period of unemployment or the right to maternity leave.
- **Disregard the child allowances when applying for the rights in the social welfare system.** The amendments of the Social Welfare Act from 2007 disregard the child allowances as income, irrespective of the number of the children in the family. That is, the amendments to the Act from 2001 defined the ceiling for families with more family members. For the multimember families with 6+ members, being at the same time beneficiaries of social assistance and child allowances, the highest amount of assistance to which the family is entitled was defined, putting thus these families in unequal position if compared with the single families or families with up to 5 family members. Although the Act provides for different standard rates for each family member, depending on its respective characteristics (age, working ability/disability, health status etc.), the assistance amount was equal for families with 7-9 members. Disregarding the child allowances in calculation of permanent social assistance for multimember families provides for equal and fairer requirements for entitlement to this right, improving thus the financial status of families with higher number of members and children (whose poverty risk is otherwise above average).
- **One of the priorities in family policy development is by all means the extension of capacities and programmes of institutional services for pre-school age children.** (see Chapter 3.2.2.6)
- **Develop and implement statutory flexible employment forms, reconciled with carrying out the family obligations.** In Croatia various types of work flexibility are available: high rate of newly employed persons with temporary employment contracts, considerably high share of employees working in shifts and at weekends and low percentage of employed working mostly in the evening and at night. The working time flexibility is in particularly low with respect to part time jobs and work with reduced working hours outside agriculture. In the National Employment Action Plan 2005 – 2008 special attention is given to the labour market flexibility and efficiency. With a view to getting insight in the state of work flexibility and proposing the appropriate solution, in 2007 the Zagreb Centre for Small and Medium Companies and Entrepreneurship organized the round table “Significance of Flexicurity in the South-East Europe”, comprising guests from the European Commission, International Labour Organization, professionals and social partners from transitional countries, trade unions, employers’ associations, academic

community and representatives of the Government. Apart of it, MoELE is preparing the review of the share of flexible work forms (part-time jobs, work at home etc.), aimed at reviewing the regulations limiting such types of work.

- **Introduce more efficient enforcement measures for the purpose of collecting alimonies.** The overall number of children in Croatia for which the parents pay no alimonies amounts to some 43,000. The Amendments to the Family Act from 2007 provided for a more efficient procedure of alimony collection from persons liable to pay alimonies. The new provisions of the Family Act provide for the possibility of requesting compensation on behalf of the child, deprived from alimony payment by the non-custodial parent as of the date of occurrence of the obligation, and not as previously, as of the date of submitting the claim. The Act sets forth the liability of alimony of the child of legal age during his/her education, provided he/she regularly meets the school related obligations. In identifying the financial capacities of the person liable to pay alimony the court will take in account the overall financial status of the non-custodial parent, and not only the incomes and earned wages. The court may also require list of property from the persons liable to pay alimony, as well as procure the necessary data from the MoF (Tax Administration), MoI, CIPI, Financial Agency and other entities. The law provides for minimum amount, necessary for monthly maintenance of children without permanent health impairments in a certain age group, to payment of which the non custodial parent is liable. This amount was defined considering the average wage in RC and the ministry responsible for social welfare should define and publish the minimum cash amount on annual basis. The introducing of execution provision for compulsory collection of financial amounts for child maintenance, the regulation deviates from the previous regulations, correspondingly the possibility will be provided to cover the overall income of the person liable to pay alimony by warrant of execution, except for the part of income amounting to one third of the average wage in the RC. The centres for social welfare are liable to institute the child maintenance proceeding on behalf of the child and to require warrant of execution. Further, the methods of procedures of the CSWs are elaborated, aimed at contributing, by methods of out of court settlement, to stimulating the non-custodial parent, to pay alimony for the child. Anticipated is the liability of the CSWs to file criminal charges against the person who fails to fully meet his/her liability of alimony payment. Apart of it the liability was provided of the centre for social welfare, which disbursed the temporary child maintenance, to notify the competent public prosecutor's office, which will institute proceeding against the person liable to pay alimony.

Resources allocation and responsible institutions

The main institution responsible for measures implementation is the MoFWVIGS. Apart of it, the role of the MoJ is significant in implementation of the new alimony payments regulations. The responsible institutions for measures referring to services designed for pre-school children are the LRSGUs and MoSES. For implementation of the measure neglecting the child allowances from the income concept in entitlement to the social welfare rights, the responsible ministry is MoHSW. The funds increase for child allowances or permanent social assistance are financed from the State Budget.

Multidimensional approach and the governance of policies and practices

The development of institutional services for pre-school age children, as well as wider application of flexible forms of employment, has by all means direct impact on employment of parents with younger, dependent children. These measures are in particularly important for employment of (single) mothers, as well as reconciling of professional and family obligations. Since the unemployed mothers and mothers not seeking job are not liable to register with the

employment service in order to be liable to maternity benefits, the number of persons registered with the employment services, primarily for the purpose of entitlement to particular social rights, and not for the purpose of seeking the job, is correspondingly reduced. Introducing of legal amendments aimed at more efficient alimony payments collection may have impact on more responsible behaviour of future parents.

3.2.2.3. *Social assistance*

Overview of measures

- **Take efforts aimed at strengthening of social welfare information and management system (introducing information technology in the system).** One of the goals of the Social Benefits Strategy Reform from 2007 is providing for accelerated high-quality approach to social benefits. That is the reason for implementing of Social Welfare System Development Project, which is a follow up of the information-management system development, aimed at facilitating work of employees in the social welfare institutions, streamlining the application procedure, providing for enhanced control by means of information checking within the other systems and reducing the risk of fraud. In 2007 the project task was drafted and the contract signed with the company for software purchasing and development in three pilot counties. The designing of the overall software in 2008 was anticipated, its installation in the pilot counties and training of employees. Upon review of experiences in the pilot counties, introducing of information technology in the overall social welfare system is planned.
- **Develop the new organization model of centres for social welfare.** It is necessary to raise the beneficiaries' knowledge level on their social rights, primarily through activities of the CSWs. The idea was launched to organize the CSWs as information concentration institutions ("*one-stop office*"). The reorganized centres would be places at which the potential beneficiaries may be informed on their rights, as well as on the various organizations offering assistance and support. The CSWs would be places for assembling and providing information on all aspects of assistance to be provided by NGOs, local authorities and other institutions. More attention should be given to supervision of social rights application as well. The changes with respect to supervision and management are anticipated in the new decentralized social welfare system (see also Chapter 4.2).
- **Streamlining the social assistance system.** The streamlining of the system was implemented in various aspects. In line with the Social Benefits Strategy Reform, by amendments to the Social Welfare Act from 2007, the overall number of benefits within the social assistance system was reduced by means of their integration (instead of some 20 benefits, the system currently comprises the half number of benefits). For example, instead of three benefits (assistance for covering funeral costs, clothing and footwear allowance and assistance in ready meals) the integral benefit was introduced - the one time assistance. On the other hand, streamlined benefits administration is planned. Introducing of the register of social welfare beneficiaries is planned, as well as the register of beneficiaries of their rights, not based on insurance, and introducing of integral rights catalogue with requirements for entitlement to rights. The above changes should be comprised by the new Social Welfare Act, the drafting of which is in the course.
- **Essential is more expedient and reliable information exchange between social assistance and other social security systems.** The data exchange on potential beneficiaries between the government administration bodies was not the standard practice, but the potential beneficiary was required to collect data in one government administration body and submit them to the other government administration body. Correspondingly, with a view to streamlining the social rights administration, the changes are planned, that is, prompt and high quality transfer of data within the public sector system. The required data

would, as for instance, refer to personal data, data on financial status, income status, degree of physical impairment etc. The financial and administrative control would be enhanced by introducing of information technology system and the prerequisites for more efficient control of social benefits expenditures. The automatic data control would reduce the possibility of multiple disbursements of social benefits, as well as other errors.

- **Periodically (on one-year or two-year basis) adjust the social benefits with costs of living increase.** Although currently the social assistance basis is increased by Government's decisions, the possibility is considered to adjust the standard rate with the consumer prices index or other parameters. By Decision of the Government from the first quarter of 2008 the social assistance basis will be increased by HRK 100 from November 1, 2008.
- **Implement measures aimed at integration of able-bodied beneficiaries in labour market and society.** The beneficiaries of permanent social assistance can participate in public works and similar projects, organized by local authorities and employment services. However, pursuant to the current Social Welfare Act the participation in workfare programmes is not obligatory for entitlement to social assistance. That means that no data are available on the number of beneficiaries participating in the said projects, since such data are not collected either by the MoHSW, or by the employment services. With the purpose of more efficient employment of the said groups and their social integration, the new Act will set forth the conditions and methods of participation of social assistance beneficiaries in local community projects. Apart of it the JIM and the National Implementation Plan provide for maintaining special records on social assistance beneficiaries participating in ALMP measures. Under the IPA, Measure 2.1. Support to disadvantaged groups with respect to employment, the MoHSW plans the implementation of the project "Establishing Support Network in Social Integration and Employment of Vulnerable and Marginal Groups", which would provide support to integration in labour market of marginal groups, recipients of permanent assistance with lower employability prospects.

Resources allocation and responsible institutions

The responsible Ministry for implementation of social assistance measures is MoHSW. Most of funds for social assistance benefits are allocated from the State Budget. Apart of the Ministry, significant role in implementation of measures, aimed at involvement of assistance beneficiaries in labour market, have the local self-government units, employment services and NGOs. The workfare projects are frequently financed from the local and central budget funds.

Multidimensional approach and the governance of policies and practices

Involvement of assistance beneficiaries in work activation programmes and measures are crucial with respect to employment of groups with lower employability prospects. The participation in such programmes increases both incomes of beneficiaries, and the employment prospects. However, the liabilities of working age population with respect to participation in workfare projects have not been clearly defined.

3.2.2.4. Social services

Overview of measures

- **Make thorough assessment of the needs in social services development and identify the evaluation mechanisms for implementation and impacts of institutional and alternative social services.** The MoHSW started in 2007 with implementation of the Social Welfare System Development Project, with the basic goal of establishing the system focused on beneficiaries by means of raising the quality of services and targeting of social

benefits received by the neediest. The Social Welfare System Development Project comprises three components. The goal of the first component is to improve the social services quality and to reduce the institutional care volume. The second component is focused on development of information management system and the third component comprises improvement of conditions for accommodation of beneficiaries in social welfare homes, as well as the construction, i.e. adaptation of the centres for social welfare. The implementing of the project activities in the segment referring to improvement of social services and introducing information technology system is in the process. At the same time the construction works are in the process or the invitation of tenders for the required construction works, comprising improvement of hygienic-sanitary conditions in social welfare institutions, as well as construction and extension of centres for social welfare. The UNDP¹² analysis identified progress in social services system development (diversification of providers of services, increase of non-institutional care, availability of social services projects in all counties etc.). The analysis revealed that the social services catalogue should be designed, the indicators for monitoring and evaluation of non-institutional services developed, the plans for concrete services development upon counties developed and the data bases of various financing resources connected.

- **Develop the good practice standards; introduce the code of professional ethics for providers of services, as well as the supervision implementation system.** In line with the goal of the first component of Social Welfare System Development Project (improving the quality of social services and reducing the institutional care volume) the project task was drafted, comprising the status snapshot, identification of standards imperfections, comparison with other systems and developing of new or improvement of the current standards, i.e. their harmonizing. The final goal of the project task is to provide the same level of service quality to the clients, irrespective of the fact whether they use the services of private or state service providers. In various regions the quality of buildings, facilities and equipment was assessed, which frequently indicated high quality. Some of the premises designed for providing social welfare services have been destroyed or damaged in the Homeland War, however most of them were renovated or newly built with increased standards, or their renovation is in the process. The technical standards, regulating the premises and other technical areas, such as for instance financial resources, human resource, construction of buildings, interior, health protection and hygiene, clothes and meals, target groups, hygiene and safety of equipment, are provided by the law and a special government agency carries out the inspection, however not regularly. The technical standards are statutory and are provided by laws and regulations. The quality standards refer more to interaction of services providers and beneficiaries and the quality of achieved results from the aspect of service beneficiaries.
- **Decentralization of social services and extension of territorial coverage of social services network.** The network was significantly extended, in particularly the network of non-institutional services for elderly beneficiaries in the period from 2004–2008 (see Chapters 3.1.3 and 4.2)
- **De-institutionalization of social services.** The number of persons in social welfare homes stagnates or slightly increases. In 2005 the state owned social welfare homes accommodated 8,503 beneficiaries, in 2006 the overall number of 8,505, and in 2007 the overall number of 8,764 beneficiaries. Slightly more noticeable increase of beneficiaries was recorded in non-state owned homes (in 2005 the overall number of 15,275 beneficiaries, in 2006 the overall number of 15,776, in 2007 the overall number of 16,779

¹² The preliminary project outcomes were presented at the second JIM follow-up conference (held on March 11, 2008 in Zagreb) within the presentation by L. Japec and N. Škrbić: „Mapping of Social Programmes upon Counties“.

beneficiaries). On the other hand, the number of beneficiaries entitled to the right of the parent caregiver status (non-institutional aspect of care, provided by the law in 2007, designed for persons with children having severe impairments), significantly increased. Correspondingly, in late 2007 this status was acquired by 172 parents, whereas the number amounted to 696 by the end of the first quarter of 2008. The anticipated increase of the number of beneficiaries of this right is likely to amount to 100-150 beneficiaries monthly (see Chapters 2.1. and 4.4.)

- **Improve infrastructure in the current social welfare institutions, as well as the quality of professional services.** The third component of Social Welfare System Development Project refers to improving the social welfare infrastructure, for which the funds amounting to EUR 33.36 million are anticipated, out of which the International Bank for Reconstruction and Development finances EUR 22.8 million. The goal is to provide the infrastructure in CSWs, in line with the administrative reorganization of the said institutions and provide for meeting the hygienic-sanitary standards in social welfare homes. In this respect the construction of 13 new CSWs is anticipated, as well as extension and renovation of the existing 13 centres for social welfare. In late 2007 the construction of one centre for social welfare was accomplished, amounting to HRK 7.5 million. In 2007 the construction of further two centres commenced, amounting to some HRK 17.6 million and the funds for project documents of one centre (HRK 142,430) were agreed upon. Preparing of project documents for new construction or adaptation of 7 centres is in the process (invitation of tenders for construction works is planned for mid 2008). On the other hand, improvement of hygienic-sanitary conditions is anticipated (sanitary facilities, kitchens, dining rooms and laundry premises) in 57 social welfare homes, situated on 81 locations. During 2007 and 2008 the contracts on adaptation of hygienic-sanitary conditions in 32 social welfare homes have been concluded, amounting to HRK 46.6 million. For 26 social welfare homes tenders have been invited or are in the process of invitation for preparing the project documents.
- **Develop preventive programmes and not only invest in development of new services and raising the quality of services.** The first component of the Social Welfare System Development Project (improvements in providing social services) for which the funds totalling to EUR 5.3 million are anticipated, out of which amount the International Bank for Reconstruction and Development is funding EUR 3.9 million, are aimed at improving the overall system of providing social services in Croatia, starting from prevention and increasing the quality of providing services to reintegration of beneficiaries in community. The Innovation and Learning Programme supports development of innovative models of providing services, to be implemented at the level of local community, which will be focused on socially disadvantaged persons. Out of 138 projects submitted under the invitation for tenders in January 2007, the overall number of 13 projects was financed. The contracts, amounting to HRK 12.3 million, were concluded. The implementing agencies for the financed projects are both the non-government associations and social welfare institutions, which were for the first time provided with the opportunity to finance their innovative programmes through donation funds, apart of the previous financing by the Ministry, i.e. State Budget. By now a number of workshops and conferences have been held, with the topic Innovation and Learning Programme.
- **Establishing of Social Work Services Department within the reorganized centres for social welfare.** The drafting of the new Social Welfare Act is pending, which should set forth the new organization of the centres for social welfare and thus the role of the Social Services Department. (see Chapter 3.2.2.3)
- **Integrate the providing of social services by advocating the rights of marginal groups and provide for the opportunity of beneficiaries to influence the shaping and**

providing of services. In some institutions individual services plans are being designed, however not in the others. In general, the children's homes prepare comprehensive care plans, what is mandatory, however the institution providing services to other target groups, such as the elderly and the frail, mostly do not prepare individual plans. The key element of high quality social welfare services is active involving of beneficiaries in planning, implementation and evaluation of providing services. In practice, this implies strengthening of beneficiaries' capacities for decision making, based on complete data on their needs for support and their long-term life goals. In most of the cases the main obstacle to strengthening capacities of individuals is the status of learned helplessness, in which the individuals reach the level of considering that the events are out of their control. The degree of participation of beneficiaries in assessment of needs and development of care plans differs from case to case. As for instance the children and persons with intellectual impairments, focus is on professional assessment, what is more an instrument designed for employees than the agreement among the beneficiaries/their guardians and social welfare agency upon the methods of mutual efforts aimed at meeting the needs of the beneficiary.

- **Systematic education and training of professionals engaged in addressing the needs and difficulties in functioning of various vulnerable groups.** The number of employees and the type of professionals in government institutions are defined by the MoHSW and the respective legal regulations. The social welfare homes are faced with the issue referring to temporary employment of employees as replace for employees on sick leave or vacations. No systematic approach to training and professional upgrading of employees is available (training is sometimes offered to some professionals and is mostly implemented internally), what may be in issue in the period of institutional reform, when the new aspects of meeting the needs of beneficiaries will be implemented. Since the employees have significant impact on the quality of social welfare services, the review of the human resources management system would be important. It should be focused on the means of recruitment and selection of employees, installation and induction training, supervision and evaluation of performance of the employees, as well as professional upgrading.

Resources allocation and responsible institutions

The central institution in charge of social services development is MoHSW. Apart of the Ministry, the MoFWVIGS, local authorities and NGOs play the significant role in implementation of measures. The main source of financing is the State Budget, as well as the funds from international loans (e.g. International Bank for Reconstruction and Development).

Multidimensional approach and the governance of policies and practices

The social services have undoubtedly impact on the health status of the beneficiaries, as well as their participation in social and cultural life, being the precondition for involvement in regular education. Apart of it, the sector of social services is suitable for promotion of employment policy, in particularly of groups with lower employability prospects.

3.2.2.5. Health services

Overview of measures

- **Correlation between the various types of insurance and impact of co-payment on various population groups.** The obligatory insurance system in Croatia covers 97% of population and indicates the features of universal health system, irrespective of the basic financing through contributions assessed on personal incomes. In 2006 in Croatia the overall number of insured persons, based on unemployment, amounted to 519,000 persons and 502,000 in 2007. The number of insured persons, based on the decision of CSW,

amounted to 30,000 persons in 2006 and 28,000 in 2007, and the number of insured persons, exempted from participation in health costs pursuant to the income census, amounted to 789,000 in 2006 and 786,000 in 2007. As mentioned above, the eliminating of administrative fees streamlined the entitlement to health protection for poorer citizens; similar measures should be considered in future, as well when passing the new decisions in the field of health protection financing. In the following period the research will be carried out, addressing particular insurance forms and various income groups.

- **Accessibility of the health system.** The accessibility of the health system is primarily linked with the improvement of the emergency medical services system and the increase and different organization of the outclinic emergency medical services teams, and particularly on the isolated and less assessable areas. The preparing of the new emergency medical services teams is being prepared, which will provide for balanced distribution of outclinic emergency medical services teams. Introducing of new emergency medical services implies dividing of emergency transport from emergency medical services. The implementation of the emergency medical transport pilot project in the part of the previous Trešnjevka Health Centre in Zagreb is in the process. With respect to the specific features of the Gospić and Novalja Health Centres the special standards for contracting emergency medical services have been accepted. Due to enhanced availability of the primary health care teams on Croatian islands and highland areas the following teams are entitled to additional funds: 259 general primary health care/family health care medical teams, 12 pre-school children health care teams, 11 women health care teams, 89 dental care teams, 52 public health nurses teams, 40 primary medical-biochemical laboratories, 109 emergency medical services teams, 25 hygienic-epidemiological health care teams and 13 prevention education measures teams for health care of school children and students. Based on request of the counties and local self-government units in November 2007 the basic health care network from 2004 was changed, introducing the new primary health care teams. The efforts aimed at reducing the hospital waiting lists commenced in 2004. In December 2005 the package of measures aimed at reducing the waiting list was developed and since 2007 the waiting lists are published on web sites of hospital institutions and web sites of MoHSW. Correspondingly, 96% of hospital institutions have published the waiting lists and based on their analyses the procurement and renovation of medical equipment, construction and adaptation of health institutions, as well as training and recruitment of medical workers is carried out. In 2007 the medical equipment, amounting to HRK 319 million was procured and in 2008 the amount of HRK 468 million is anticipated for the purpose of enhancing the health care quality. Apart of it, in 2007 the amount totalling to HRK 14 million was spent for emergency interventions on health care institutions buildings and equipment. The procedure, referring to publishing and updating of data for waiting lists, was explained in detail to all hospital institutions.
- **Review on inadequate correlation between the primary and secondary health care.** Neither the status nor the role of the primary health care was changed in 2007 or 2008. In April and May 2008 two preparatory meetings were held in the MoHSW, discussing the options for primary health care development and further activities in preparing the integral primary health care development was agreed upon. The process of introducing information technology in the health care system will, by all means, have impact on improvement of the primary health care status, as well as the health care system in general. In June 2008 the overall number of 2,314 family medicine outpatient clinics was connected to integral information system, accounting for 98% of the overall number of outpatient clinics. The primary health care information system provides for establishing of measurable performance indicators as the basis for quality control of the provided health care services in health institutions, providing for reducing of unnecessary costs of

medicines, laboratory and diagnostic tests. The introducing of information technology in general practice/family care doctor's offices will be followed by introducing information technology in paediatric, gynaecologic and dental care surgeries; apart of it the primary health care system pharmacies and laboratories will be connected to the central information system. The basic goal of the primary health care was defined: changes in proportion of services that is increase of the number of services in primary health care in relation to the number of services in secondary and tertiary health care. Special significance will be given the upgrading of medical doctors in general practice/family medicine surgeries. According to the data from the CIPH on April 1, 2008 the overall number of 1,154 specialists, 78 doctors on specialty training and 1,413 medical doctors without specialization, were employed in the activities of general practitioners/family care medicine. The programme of medical specialization of health care employees in 2007 provided for 651 specializations and 192 sub-specializations (whereof 85 for health centres), what is a significant increase if compared with the previous years. For 2008 financing of 678 specializations, out of which not less than 181 new specializations for primary health care is planned. In October 2007 the Health Care Quality Act was enacted, providing for certain principles and system of measures, aimed at realization and enhancing of the health care quality. Pursuant to the Act the Agency for Healthcare Quality and Accreditation was established. In the following period, among others, the measures for introducing the integral health care quality standards system and clinical quality indicators will be defined, as well as the measures for implementing of health institutions accreditation procedure. The realization of above measures will provide for the right to high quality health care of the overall population, and the procedure of the first accreditations is likely to be accomplished during 2010.

- **Combating corruption in health care.** With a view to combating corruption in health care and in line with the National Programme of Combating Corruption form March 2006, the MoHSW has introduced the so called “White Telephone”, offering the possibility of bringing up claims, comments, proposals and commendations with respect to exercising the health care rights. The number of calls amount from 100 to 150 monthly and all calls (anonymous or not) are recorded in set forth forms, followed by corresponding procedures in line with the current regulations. In line with the National Programme the further, already mentioned measures are implemented as well, with a view to reducing the corruption level in the health care, and in particularly the waiting list evaluation, enhancing of specialization system, introducing information technology in health system etc.
- **Financing and development of preventive medicine and public health campaigns.** The CIPH implements annual status review of indicators referring to particular high risk diseases, evaluating thus the implementation of preventive programmes as well. The subject diseases comprise the cardiovascular diseases, programme of breast cancer early detection, cervix cancer early detection and the suicide preventive programme. Within the prevention of cardiovascular diseases CIPH participated in 2007 in marking the World Non-Smoking Day and health care action “Quit Smoking and Succeed”, and the preparing of his years’ action “Quit Smoking and Succeed” is in the process. Each year the performance evaluation of the programme is carried out, as well as the evaluation of the outcomes of preventive programme – breast cancer early detection and cervix cancer early detection. With respect to follow up of vaccination rate among the Roma population in nursing age and in line with the Action Plan for Decade of Roma Inclusion, the CIPH has in June 2008 distributed the letters to all counties and county institutes for public health with a view of collecting epidemiological data on the vaccination rate among the Roma children. That is, pursuant to the Act on Protection of Population from Contagious Diseases, the vaccination is obligatory for the overall population, irrespective of their

insurance basis and the vaccination methods are set forth. Should the epidemiologic analysis indicate that the vaccination rate is lower than 90% in particular areas, the required quantities and types of vaccines should be requested and the vaccination campaign should be carried out. The CIPH has implemented the pilot health care survey in Darda Roma settlement in 2005, collecting thus the valuable demographic-epidemiological data. Since the funds for further research have not been provided, the CIPH proposed to counties to implement such local researches. The interest was shown only by two counties: the Sisak-Moslavina County and the Karlovac County. With respect to the possible disparities in the health care, referring to causes of death and the mortality level upon the age and gender, as well as employment and national affiliation, the analysis has not been accomplished yet, since the funds have not been provided. With a view to promoting the healthy living the MoHSW has announced drafting of the Act on Prohibition of Smoking in Public Places. In public-health programmes, as well as other health care aspects the NGOs play a significant role. In 2007 the MoHSW financed the associations, contributing upon their mission, to prevention of chronic diseases and enhancement of health care of the persons who have developed diseases, prevention of contagious diseases, prevention and enhancement of dental care, promotion of the rights of patients, enhancing and prevention of health care among children and youth who developed malignant diseases and disabled children, as well as improvement of mental health care. Based on public tenders 9 new programmes (HRK 305,000) have been financed, 31 projects of associations (HRK 1,018,030.00), 17 programmes of associations in the third financing year (HRK 270,000) as well as 9 programmes of associations in the second financing year (HRK 406,000).

Resources allocation and responsible institutions

The central institution responsible for implementing the health care related measures is the MoHSW. Apart of it, the CIPH plays a significant role (in particularly with respect to review of health care related indicators and implementation of preventive programmes), as well as the CIHI. Most of the funds for financing of the above measures are allocated from the State Budget. As mentioned above, some measures (such as for instance the health care survey among Roma or research of inequalities in health care) have not been carried out due to the lack of funds.

3.2.2.6. Education

Overviews of measures

- **The analysis of regional differences and incentives for higher engagement of local government and self-government in the inclusion of children in pre-school education.** Coverage of children by pre-school education is one of key priorities in ensuring services for children and family. According to data of MoSES at the beginning of the school year 2006/2007 altogether 109,508 children were covered by pre-school education of which 95,372 of children by regular programmes, 13,496 by pre-school programmes (one year prior to starting school) and 640 children by shorter programmes. 88.3% children attended public kindergartens, 8.7% children private and 3% religious communities' kindergartens. In 2006/2007 29 new children kindergartens have been opened in 29 municipalities in ASSC and with heavy life conditions and which did not so far have any programmers for children of pre-school age (Split-Dalmatia County, Šibenik-Knin County, Vukovar-Srijem County, Krapina-Zagorje County and the Zagreb County). In 2008 the number of kindergartens amounts to 645, which are 51 kindergartens more than in 2007. Out of total number of children included in regular programmes, 3.67% were children with developmental difficulties, 1.18% gifted children and 1.62% children of members of national minorities. As in the shorter programmes, teacher/child ratio in kindergartens is

1:18 and professional associate/child 1:108 (in line with pedagogical norm of maximum 110 children per one professional associate). Pursuant to the obligation arising from Joint Memorandum on Social Inclusion analysis was conducted¹³ of regional differences in the coverage of children by pre-school education, i.e. analysis of differences between counties and larger Croatian cities. The analysis has shown that in 2006 coverage of children aged from 1-2 at the level of RC amounted to 15%, from relatively high 35.4% in the City of Zagreb until below 5% in the counties of Slavonski Brod-Posavina and Požega-Slavonia. According to data for 2005, at the level of big cities, immediately after the City of Zagreb follows Varaždin (32.2%) and Rijeka (20.4%), while Zadar (8.8%) and Slavonski Brod (6.4%) are at the far end. In 2006 the coverage of children aged 3 to 6 years at the level of RC amounted to 56.4%, from the highest coverage in the City of Zagreb (83.6%) to the lowest in Šibenik-Knin County (28.8%), Slavonski Brod-Posavina County (30.5%) and Požega-Slavonia County (34.7%). In the large cities coverage of children above 70% has been identified in Varaždin, Zadar, Split and Pula, and the lowest (below 50%) in Slavonski Brod and Karlovac.¹⁴ In spite of changes in statistical follow-up of coverage of children which make accurate comparisons very difficult, in the last years some progress has been made and coverage of children has increased, for example from 51.7% in 2004 to 56.4% in 2006 and this can also be seen from the data for the largest number of counties and cities. It is important to mention that working hours of pre-school institutions have been adapted to the needs of the working parents and children and it lasts from 6,00 hrs in the morning to even 22,00 hrs in the evening.

- **Stimulation of the continuation of education and increase of share of one-shift schools.** Projects of improvement of working conditions in elementary schools, as well as the project “secondary schools for all“ have been the main projects of MoSES in 2007 and 2008. Plan of development of educational system foresees that by 2017 at the latest conditions are created for transition to the one-shift work in all elementary schools. In order to cancel three-shift schools 60 primary and 13 secondary schools should be built or annexed by 2010. Increase in school capacities will enable even greater coverage of children by daily stay in school. Namely, daily stay in school is organized in only 13.5% schools and in the school year 2007/2008 it covered 12.060 pupils. The largest share of schools with daily stay is in the City of Zagreb (86% schools) and in the Istria County (74%) whereas five counties (Lika-Senj, Virovitica-Podravina, Požega-Slavonia, Slavonski Brod-Posavina, and Šibenik-Knin) have not one school with a daily stay. According to pedagogical norm in primary school professional associate/ pupils ratio is 1:250. 153 new professional associate were employed in the school year 2007/2008, which gives an average of 288 pupils per 1 professional associate. This ratio is the best in the counties of Istria (1:226), Lika-Senj (1:226) and Karlovac (1:235) and the worst in the counties of Slavonski Brod-Posavina (1:396), Virovitica-Podravina (1:392) and Sisak-Moslavina (1:347). With the view of the realization of the project “secondary schools for all” the Ministry has earmarked funds for free transport and free textbooks for pupils of I. class of secondary schools (in 2007), and the same has been planned for 2008 for pupils of I. and

¹³ Internal unpublished analysis by T. Matković made available for the needs of this report. Compare also Matković, T. (2007). Coverage by pre-school care in Croatia, 1989-2005, *Revija za socijalnu politiku* (Social Policy Review), 14(1):123-135.

¹⁴ In 2003 coverage of children amounted to 40.8%, and in 2004 51.7%. This increase is due to the fact that from 2004 to statistical data on coverage of children in kindergartens data about children from preschool programme are added (earlier, this segment has been stated separately). However, at the level of Croatia children attending preschool may be separated but not at the level of county, and as this is the analysis of regional differences, all covered children, including those from preschool programme of 250 hours per year, are included in the analysis. But even without the pre-school increase of coverage of children in infant nursery and kindergartens is evident.

II. class.¹⁵ Additional funds have been ensured for incentive measures for free accommodation and meals for pupils of I. class of secondary schools. In 2007 24 professional associates were employed and in 2008 12 additional professional associates of various profiles will be employed, according to the needs of school. In July, 2007 for the purpose of employing teachers, professors and professional associates new model of subsidies for interests on housing loans for schools with unprofessional lecturers¹⁶ was presented and, based on tender at the end of 2007, 29 of such loans were realized. New decision for the realization of loans in 2008 is in the process of preparation. Similar action has been carried out for several years now for the employees of institutions of higher education and public institutes and 1,903 subsidized loans were approved so far and in 2007, 740 new loans. The state matura project has been prepared for several years and its taking has been scheduled for school year 2009/2010 but the decision has been made to postpone it for one more year. For pupils with special needs the state matura will be conducted in compliance with their specific capabilities.

- **Persons with special needs in educational system.** With regard to the integration of children with special needs there are currently in RC 27 fully adapted schools in which 21 pupils with motoric deficiencies are enrolled. In 2007 HRK 1.1 million has been invested in spatial adaptation of one kindergarten, 20 primary and two secondary schools attended by pupils with serious motoric deficiencies. A model of comprehensive solution of this problem which MoSES sees in a joint financial investment with local and regional communities with the aim to create network of adapted schools in every county is currently being drafted. In the MoSES budget for 2008 the amount of HRK 700 thousand has been earmarked for the adjustment of approximately same number of schools as in 2007. In addition to this, according to Decision on criteria for financing special transport expenses, special teaching assets and tools and co-financing meals for pupils with development difficulties MoSES reserved HRK 14,600,000 in 2007 for financing expenses of pupils with development difficulties. In total 11,860 children with special needs are integrated in regular educational system (pre-school, primary and secondary education) and 1,982 of children in special educational groups and classrooms. Total of 2,321 children get an education in special institutions under the jurisdiction of Ministry and for 1,371 children with serious development difficulties education is provided in social institutions in which they are placed. Given the short time period from signing of JIM nothing has been done as of yet for the creation of mobile expert teams at counties level as well as on further education of teachers and other educational practitioners for work with children with special needs.
- **Reform of vocational education is also one of the important priorities of the Croatian educational policy.** Bill of vocational education is in the process of drafting and its passing has been foreseen for third quarter of 2008. This act will enable the modernization of vocational education, i.e. better adaptation to labour market needs and to the capacities of an individual person. MoSES is also engaged in the work on the Croatian qualification framework. Baseline for drafting of this act was adopted in 2007 and special committee is tasked to work on passing of this act.

¹⁵ In recently published working material of International Monetary Fund experts, pupils and students from families of higher income bracket benefit more from programmes of free meals, textbooks, accommodation and transport than those coming from poorer families. Further discussions are needed with regard this observation, as well as some other observations relating to education and health sector. Comp. Jafarov, E. and Gunnarsson, V. (2008) Government Spending on Health Care and Education in Croatia: Efficiency and Reform Options. IMF Working Paper. Visited on 20.06.2008 at: <http://www.imf.org/external/pubs/ft/wp/2008/wp08136.pdf>

¹⁶ When certain school subject are lectured by persons non-experts in the field.

Promotion of lifelong education. Data obtained from the LFS indicate a low participation of adults in lifelong education, although this information should be viewed in light of high level of education of the youth – according to Eurostat data in 2006 the share of population in RC aged from 20 to 24 with completed secondary education (ISCED level 3a, 3b or 3c) was 94.6% compared to 78.1% for EU27.¹⁷ However, life-long education has other aspects of education for the needs of versatile and increasingly demanding labour market. In line with the Strategy for the education of adults from 2004 the new Act on Education of Adults was adopted in February, 2007 but Regulations foreseen by this act has not yet been issued. Nevertheless, work on vocational education and promotion of education of adults has largely been supported by funds from pre-accession programme IPA, which enables a wide array of necessary reforms. In its role of the user MoSES prepares currently two projects: further development of Croatian qualification framework and Inclusion of pupils with development difficulties in the education for employment. The Ministry is authorized for five ongoing projects which are particularly directed at the development of vocational education and education of adults. In addition to this, the Agency for Education of Adults (AEA) implements the project „Investment in occupations in short supply“ on which basis and in cooperation with regional and local self-government and CES skills which are in short supply will be identified and, in partnership with local authorities and interested employers, education and retraining of several hundred citizens in several pilot counties enabled. For the above project in 2008 HRK 1.7 million has been earmarked and after discussions held with all key stakeholders, preparatory activities for project documentation are in the process. Within the framework of the project CARDS 2004 professional training of AEA employees has been conducted and plans are made for the implementation of project „Strengthening of AOO institutional capacity “within IV. Component of IPA programme (priority 3, measures 3.3.2.). The project should start in October 2009 and will last for two years.

- **Data on study duration and the higher education system reform.** The reform of higher education system in compliance with Bologna process introduced significant changes in the system of higher education and the success of reform will be seen only in few years, both on the basis of success in studying and successfully completed undergraduate and graduate studies and according to employability of those who completed undergraduate or graduate studies. Bologna reform should be observed in the context of data about higher education system and they show that in 2004 the share of generation who enrolled in some of the programmes of higher education amounted to 64.7%.¹⁸ According to statistical reports of the CBS students who graduated in 2004 studied on average 5.8 years, i.e. 6.9 years for university studies and 4.5 years of studying at a college or polytechnic and total completion ratio amounts to around 55%. Success of reforms depends on possibilities for studying. MoSES provides scholarship for about 10,000 students of which about 4,500 are students with social difficulties. Scholarships are allocated also from numerous other sources but there is no comprehensive information and for now it is impossible to conduct more detailed analysis of needs and efficiency of scholarship system.
- **Prevention of social exclusion is linked with teaching contents on human rights, prevention of violence and discrimination, and promoting solidarity and tolerance.** At

¹⁷ Analysis of secondary education completion rate differs also from that of CES, i.e. 94%. Compare Babić, Z., Matković, T., Šošić, V. (2006) Structural changes in higher education and outcomes in labour market. U: Market trends and Economy politics 108/2006. Available at: [http://www.eizg.hr/AdminLite/FCKeditor/UserFiles/File/PKIEP108-Babic-Matkovic-Sosic\(1\).pdf](http://www.eizg.hr/AdminLite/FCKeditor/UserFiles/File/PKIEP108-Babic-Matkovic-Sosic(1).pdf)

¹⁸ Compare Babić, Z., Matković, T., Šošić, V. (2006) Structural changes in higher education and outcomes in labor market. U: Market trends and Economy politics 108/2006. Available at: [http://www.eizg.hr/AdminLite/FCKeditor/UserFiles/File/PKIEP108-Babic-Matkovic-Sosic\(1\).pdf](http://www.eizg.hr/AdminLite/FCKeditor/UserFiles/File/PKIEP108-Babic-Matkovic-Sosic(1).pdf)

the moment there is no comprehensive information to which extent curricula promote these values.

Resources allocation and responsible institutions

MoSES is the main responsible institution in the area of education. In many areas mentioned here MoSES cooperates with other responsible and implementation institutions, such as AVE, AEA, ASHE and other. For the implementation of number of listed activities significant funds are ensured from state budget. For subsidizing interests for housing loans for teachers in schools with unprofessional lecturers, in 2008 HRK 2 million has been ensured. In 2008 for free textbooks in secondary schools HRK 140 million were ensured, plus additional funds of HRK 18 million for accommodation in pupils' homes and HRK 105 million for employing professional associates of various profiles in secondary educational system. In addition to the funds from state budget in area of the reform of education funds ensured through various IPA projects play major role: for further development of the Croatian qualification framework 800,000 Euro has been planned (with the possibility of increasing the amount) and 2.3 million Euro for the inclusion of pupils with development difficulties in the education for employment. These are the projects which MoSES realizes in the role of the user and these five projects are financed with 8.94 million Euro. For the project „Investment in skills of short supply” HRK 2.7 million has been earmarked and for „Strengthening AEA institutional capacity” the amount of 2 million Euros is expected.

Multidimensional approach and the governance of policies and practices

The area of education has major impact on the employment possibilities and great attention is paid to the coordination with social partners (particularly in regard to reforms of vocational education) and with CES. As regards realization of ambitious reforms of education more extensive engagement of LRSGU is required, particularly in expansion of services for children and better conditions the schools' work.

3.2.2.7. Housing

Overview of measures

- **Bringing of national programme for the promotion of social housing.** MoEPPPC is working on issuing Strategy of social housing, which should for the first time clearly indicate the direction, i.e. comprehensive development of social housing in RC. According to plans Strategy will be issued at the end of 2008. In practice, the cities are independently deciding about the building and use of social flats, i.e. flats with preferential rents. As regards construction and use of flats on the basis of social criteria so far there are no aggregate data at the level of RC. Research conducted by the NGO Ceraneo within the frame of executing obligations set out JIM on the sample of 26 largest Croatian cities, has shown that the majority of such flats are in Zagreb (7,567), followed by the cities of Rijeka (476), Varaždin (390), Osijek (369), Velika Gorica (284), Split (249), etc.¹⁹ What is worrying is that in the last ten years the number of these flats increased in only five cities and only 12 cities have invested in building of social flats. The problem for cities is also low rents for social flats, which are not sufficient for covering expenses for house maintenance and losses accumulating for the management and maintenance of these flats. Some flats in their ownership the cities assign to scientists, cultural and public officials. The cities also participate in the Program of state-subsidized housing construction (POS) for which realization the Real Estate Agency is entrusted. Within the POS programme until June, 2008 the total of 4,540 flats were built at 75 locations in RC, of which during 2007

¹⁹ See, Bežovan, G. (2008). Subsidized flat rents and housing expenses in Croatia. Zagreb: Ceraneo (draft).

846 at 75 locations in RC and 231 flats at 3 locations are currently in the phase of construction. It is worth noting that POS has started at local level and some cities have established Agencies tasked with the realization of POS programme. These results are an additional incentive for the work on national policy of social housing.

- **Analysis of co-financing of housing expenses.** Pursuant to the Social Welfare Act from 2001 local self-government units are bound to ensure funds in their budget for the realization of the right to aid for housing expenses and regional (district) self-government units for fuel expenses allowances. In line with the conclusions set out in Memorandum Ceraneo has conducted analysis of these rights based on data gathered by MoHSW and based on the survey on the sample of 26 large Croatian cities. The analysis has shown that only 1.8% households in RC receive financial aid for housing expenses and together with the aid for fuel expenses this share amounts to 2.4% of households. Average amount of aid for housing expenses in 2006 amounted to around HRK 170 per month and covered around 32% of average housing expenses. In 2007 25 cities (from the sample) subsidized from 5 to 1,900 households. Based on a comprehensive analysis the Ceraneo study proposes a number of reforms of housing subsidies system. First, an increase of base for the entitlement to the right to HRK 1,600 for a single person up to HRK 4,600 for four members family and HRK 700 for each additional family member. An increase of the surface of flat to be subsidized (40 m² for single person, 60 m² for two-member household and 10 m² for each additional member) has been proposed as well as distribution of subsidized expenses in three categories, depending on household incomes. A campaign for registering tenants' contracts needs to be carried out so that flat tenants may exercise the right to housing expenses subsidies. After these necessary steps are taken, two more proposals need to be elaborated: centralization of this programme (i.e. financing from state budget) and the option for its realization within the framework of social care centres programmes.
- **Increase of number of shelters for homeless.** There are no data on the number of capacities of shelters for homeless. MoHSW has collected data about the number of persons accommodated in shelters and according to these data on 31 March, 2008 276 persons were accommodated in the following cities: Osijek, Rijeka, Samobor, Sisak, Zadar, Zagreb, Varaždin and Split. According to the collected data it is obvious that cooperation with CSO in this area is well-developed, particularly with religious organizations which in most of the cases are main organizers of such shelters. Based on the systematic collection of information relating to this issue further monitoring is ensured and incentive measures for the development of accommodation capacity for homeless, i.e. opening of new shelters will be designed according to the established needs for individual cities.
- **Situation with protected tenants in private flats** has not been analysed nor any measures for ensuring alternative accommodation been carried out. Status and position of a tenant is regulated by the Act on Renting of Flats from 1996 which fully covers the position of all protected tenants in both in privately owned and other categories of flats.
- **Intensifying the offer of flats through public-private partnership.** In this moment supply on real estate market exceeds the demand and constructing companies have no interest in building flats according to public-private partnership model as these would not be sold.

Resources allocation and responsible institutions

Responsible institutions in the area of housing are MoEPPPC (for strategy of social housing and the position of tenants in private flats) and MoHSW (the issue of co-financing of housing

expenses and increase in number of shelters for homeless). Main source of financing are LRSGU budgets.

Multidimensional approach and the governance of policies and practices

In this area a coordinative and political role of individual ministries comes in the first place. As studies on the implementation of co-financing of housing expenses and collection of data about shelters have shown NGOs may play a key role, particularly in the implementation of individual measures planned. Also, greater cooperation with LRSGU is important.

3.2.3. Preventing the risk of exclusion

3.2.3.1. Inclusion in information and knowledge society

Overview of measures

- **RC has to draw an Action Plan which would include the introduction of cheaper and faster work on Internet, investment in knowledge and skills necessary in information society and promoting the use of Internet.** Strategic dedication of the Government of the RC is that the area of market definitions and analysis as well as market regulation be fully adjusted with the EU *acquis* no later than by the end of 2008. Main strategic objective for period until the end of 2008 as planned by the Government is to decrease a gap between RC and EU countries with regard to rate of penetration of broadband connections. According to this criterion, at the beginning of 2005 RC lagged behind the EU average for about nine percentage points. Current average rate of the increase in broadband connections penetration in the EU amounts to about four percentage points while this rate in new country members amounts to about 2 percentage points in one year. Until end of 2008 RC must reach the density level (penetration) of broadband connections of at least 12% which means that the RC in that period must reach the number of at least 500, 000 of broadband connections. For this purpose Ministry of the Sea, Tourism, Transportation and Infrastructure (MSTI) drafted the Strategy for the development of Internet broadband connections in RC until 2008. The Strategy defines policies for the realization of objectives and sets out action plan for the implementation of strategies and incentive policies for the development of electronic commerce (*e-commerce*).
- **Through various promotion activities continued effort need to be made to strengthen public awareness of advantages offered by the computer society and to motivate citizens to participate in its construction.** Throughout RC programmes are being developed with the objective to stimulate in children aged 8 to 12 interest for the use of information-communication technology for practical purposes and to change the idea many parents and children have that computer equipment serves mostly for entertainment and game. In order for children aged 8 to 12 years to be included in IT and computer literacy programmes each primary school should have IT cabinet or a hall fully equipped with IT equipment. The Varaždin School of electromechanical engineering through the Institute for lifelong learning and in cooperation with the Varaždin County and Association of the Blind in the first part of 2008 launched the project of computer literacy of blind persons. The main objective of the project is rendering capable blind and weak-sighted persons to use computer independently thus attaining high level of personal and professional affirmation. To this effect computer courses for the blind and weak-sighted persons will be organized. There are approximately 6, 000 blind persons in the RC, of which only some 50 are fit to actively use computer with the assistance of programmes generating speech and Braille line – a device which transforms the text displayed on the screen to Braille code. The main reason of the small number of the blind and weak-sighted persons who use computers independently is a high price of necessary software and hardware. Association of the Blind in the Varaždin County has about 200 members of

which some 100 are potential candidates for the inclusion in the subject project. In a large number of the cities in RC local authorities bodies (a good example is that of the City of Osijek) organize free and/or low-cost courses of IT literacy for citizens.

- **Enable to poorer citizens easier access to computer equipment and the Internet and make the citizens fit for using computer and communication technologies.** Some cities are particularly focused on providing free computer training for the unemployed and for those seeking employment. Main guidelines of programme in Zadar „Knowledge for work“ are the increase of employability of unemployed persons, with an accent to persons with special needs; women and immigrants and those living in ASSC. Another set of activities encompasses stimulating an active approach to job seeking. Persons which successfully take part in the project of computer literacy obtain ECDL diploma which is a sort of a "driving license" for the use of personal computer and is more and more required as one of the conditions in the recruitment process as a proof that a person is well-trained in using of computer. The Project started from 1 November, 2007 in Benkovac and Zadar and is financed in mayor part by the World bank (partners are NGO ZAMIRNET, Polytechnic school Algebra, Zadar County, the City of Benkovac, CES, Croatian Chamber of Economy, county chamber Zadar).

Resources allocation and responsible institutions

The major part of funds comes from the central state budget (through authorized MSES and MSTI) with significant financial contributions from local authorities which try to improve educational and qualification structure of their population and enhance computer literacy.

3.2.3.2. Strengthening and preserving the family

Overview of measures

- **To ensure better coordination of family policy measures and consistent implementation of those measures.** Family policy includes a number of measures in the areas of health, education, employment, housing, social care, etc. The role of Administration for family within MoFWVIGS is to create, coordinate and evaluate measures relating to family policies. When bringing legal acts other ministries and NGOs are being consulted. Particularly important is the cooperation and coordination between MoFWVIGS and MoHSW and it should be further enhanced.
- **To eradicate child poverty through coordinated action by the state, regional and local authorities.** Since RC has very few studies about the child poverty, particularly those which would provide insight in different aspects of quality of a child's life, in the next period from 2008-2010 a study should be drafted on deprivation of children in different segments of life standard (food, clothing, housing conditions, consumables, social activities, developmental environment, access to, and level of, information, etc.). Data obtained could serve as a base for defining strategy for alleviating or eradicating child poverty.
- **Sensibilisation of the society for problems of parenting and single-parenting.** MoFWVIGS carries out a number of measures and activities with the purpose of strengthening family and parenting. It is worth mentioning campaigns and measures for the protection from family violence (see Chapter 3.2.2.4.). Family centres are being established as well as counselling centres for current and future parents. In the middle of 2008 MoFWVIGS launched campaign to ban corporal punishment of children, in line with initiative of the Council of Europe against corporal punishment of children. Campaign against family violence and corporal punishment of children promotes the policy of positive parenting which is based on the respect of a child's rights. Changes in the Family Act referring to more efficient collection of alimony payments (see Chapter 3.2.2.2) are

directed exactly to single-parent families and improvement of their economic position, but also to general promoting of responsible parenting. Except the MoFWVIGS activities in the area of promoting parenting various associations of parents, single parents and other CSOs play an important role.

- **To improve work with risk families in order to better direct benefits towards a child needs.** In 2008 the working group for drafting Draft Bill of Act on Family Counselling/Family Centres was constituted. It will define counselling activities for the family, institutions authorized for the implementation of counselling activities, counselling experts, supervision of these institutions and experts and participation of local self-government units and NGOs.
- **To improve and promote foster care to a greater extent.** (see Chapter 3.1.3)
- **Develop programmes (strategy) for the prevention of behaviour disorders in children and youth in educational institutions.** Within the framework of National programme of activities for youth there is a measure «Raising awareness and learning about the risk in behaviour and behaviour disorders through experience workshops, education of peers-trainers and other forms of work of teachers and other experts, parents, youth and members of NGOs». This measure has been implemented through educational seminars on methods of working with children and youth for heads of social care centres and primary schools and civil sector representatives. Activities have been conducted in cooperation with the Committee for the Prevention of Child and Youth Behaviour Disorders of the Government of RC and include children and parents separately.
- **Strengthen the role of local communities and encourage the cooperation of all relevant stakeholders in the prevention of behaviour disorders.** In programmes for prevention of behaviour disorders associations, private entrepreneurs, culture and other institutions of local community are included in various ways, e.g. material contributions, provision of working premises, donations of tickets for cultural and sport events, etc. National strategy of the RC for the prevention of behaviour disorders, which is pending adoption, anticipates better harmonization of activities of different social subjects in the prevention of behaviour disorders and a greater role of local communities.
- **To further develop counselling services for individuals and groups at higher risk of social and pathological behaviours.** Counselling work with families, children and youth at a higher risk of social and pathological behaviour is conducted in CSWs and in social welfare institutions. Counselling work is also done in family centers and counselling centers organized in associations and other institutions.
- **To organize peer group aid and support for children and young people with behaviour disorders.** MoHSW initiated peer group aid programme and also education for programme leaders. Program is currently conducted in the area of seven counties (Međimurje, Osijek-Baranja, Vukovar-Srijem, Primorsko-goranska, Bjelovar-Bilogora, Koprivnica-Križevci and the City of Zagreb). Programme is conducted by CSWs in cooperation with elementary schools and it has been devised in the form of workshops in which children from at-risk families and children with risk behaviour are included.

Sources of financing and responsible institutions

MoHSW and MoFWVIGS are both coordinators and implementers of the said measures. In implementation of measures tailored for the needs of youth with behaviour disorders or at-risk-families equally important role is played by NGOs. Source of funding are ensured from state budget and budgets of local authorities.

3.2.3.3. Preventing over-indebtedness

Overview of measures

- **To warn against the consequences of over-indebtedness and prevent the practice of informal (often illegal) loans.** Compared to other countries candidates for EU accession and majority of new EU member RC has relatively low annual rate of growth of indebtedness towards the banks. However, at the end of June 2006 indebtedness of citizens towards banks denominated in Euro, amounted to 36, 4% of GDP which is relatively large share compared to countries where this share does not exceed 19% of GDP. With strong growth of offer of favourable loans by business banks average indebtedness per employed person in RC in the last few years is continuously growing, from about HRK 23 thousand at the end of 2001 to about HRK 49 thousand at the end of 2004 and to about HRK 90 thousand at the end of 2007. Citizens incur debt mostly for consumption and in the debt structure consumption and non-purpose loans are prevailing. To this, inevitable minuses on current accounts are included, however, this type of indebtedness does not grow the fastest; the fastest growth as shown by the structure of new indebtedness is in housing loans, even 37% per year even though these loans have the biggest monthly instalments. Even without housing loans, ordinary minuses on current accounts or non-purpose are "eating up" the substantial part of regular monthly income. Although warnings about over indebtedness of citizens are alarming, statistics shows that so far Croats are capable of handling their own burden of loans. In the context of social exclusion and income security of citizens, except for aggregate indicator of debt payment burden of population, it would be useful to examine this indicator according to quintile ratios of available income of population. This analysis shows that the largest part of debt payment is from the sixth to the eight quintile of GDP which covers younger and more educated population in non-independent employment sector with higher demand for loans and a relatively low-level of savings. For example, population of up to fifth quintile according to available income saves almost as much as the population within the sixth and seventh quintile but in the same time has several times less debts. The richest segment of population, within ninth and tenth quintile, less burdened with debt payment is saving the most which is in line with expectations. For mitigating population indebtedness social partners are actively involved and are seeking changes of legal provisions, primarily the change of Execution Act, so that execution over salary may be implemented on the maximum one third or half of salary. This would protect the part of salary which the bank, once it is on bank account, according to laws currently in force, may take in full. Unions insist that the part of salary protected upon the employer is also protected on the bank account, i.e. that bank can not execute above one third of salary after the income is paid to the employee account. RC established the Register of credit commitments – database which collects, maintain and distribute data about the consumers' credit commitments. The biggest advantages are for consumers with the interest to be better known by their financial partner, in case they have nothing to hide. In such and way they can use credit cards rationally and can buy more and obtain more favourable conditions. On the other hand, for those consumers unable to assess commitments they have under the loans, owing to information from the Register of credit commitments, the bank will, by refusing to grant a loan, probably save the client from over indebtedness and in such a way from embarrassing situations which are inevitable if the client does not fulfil his obligations under loan.
- **Provide consulting services relating to loans and indebtedness (NGOs, financial institutions, Croatian National Bank).** Croatian Banking Association and its nine bank members in cooperation with UNDP, after successfully implemented pilot phase and within the frame of the project "Management of personal finances", organized free interactive workshops for citizens in the eight Croatian cities about adjusting their expenses with income. Personal Finance Counselling Association „Life in a plus“ a not-for-profit public benefit organization has launched the foundation of consultation centres

for citizens in order to help them master their finances by adjusting spending and income and to help those who are in minus to pay the debt and close the minus. From time to time the Association organizes round tables with the representatives of financial services providers, expert and economic associations of financial industry, consumers association, unions and financial market regulators.

Sources of financing and responsible institutions

Banks, NGOs, as well as UNDP are strongly involved in programme of preventing and alleviating indebtedness. Croatian Banking Association has also an important role through its coordination of Register of credit commitments, whose members include 24 banks and 5 savings houses.

3.2.4. Assistance for the most vulnerable groups

3.2.4.1. People with disabilities

Overview of measures

- **Deinstitutionalization and promotion of alternative forms of care in the community.** In the area of care of people with disabilities social care institutions offer the following non-institutional programmes: fostering (at present relatively small number of persons with disabilities are included in special fostering programmes), professional assistance in the inclusion of children and youth with disabilities within regular programme of pre-school and educational institutions (mobile teams providing professional support to educators and teachers in regular educational institutions), professional support providing services of psychosocial rehabilitation in the family, rehabilitation programmes within the framework of daily stay (half-day and full-day stay and occasional stay referring to individual work in the implementation of psycho-social rehabilitation), organized accommodation in the community (housing of one or more persons together, as a rule, up to five persons, during 24 hours daily with the organized permanent or occasional assistance of professional or other persons in ensuring primary needs, and social, working, cultural, recreational and other needs). In order to satisfy optimal living conditions for children and youth with physical or mental disability in local environment, during 2006 and 2007 MoHSW has granted 99 approvals for providing care out of own family within the framework of full-day and half-day stay, 15 approvals for accommodation within the framework of organized accommodation, and approvals for providing services of assistance and care at home which is ensured by providing psychosocial rehabilitation services (home visiting service) for 110 users. Also, for the integration in regular educational institutions recruiting of employees for providing professional assistance to people with visual impairments was envisaged. In other words, mobile teams organized by social welfare institutions provide professional support to trainers, teachers and children with visual impairments, and enable those children to integrate in regular educational system.
- **Better physical access to infrastructure and other objects and public transport.** In several cases MoEPPPC refused to issue construction or use permit if provisions of the Regulation on ensuring accessibility of buildings to people with disabilities have not been observed. All bodies of state administration and local self-government units and regional self-government units are bound to plan special funds for removal of construction and other barriers. In the course of 2007 MoI conducted analysis of the status of all 20 police administration and issued plans for removal of barriers. In 14 police administrations architectural-urban barriers have been removed (access ramps or elevating platforms were built) for which purpose HRK 369, 000 was spent. In 2007 for the purposes of ensuring accessibility of rail and naval traffic HRK 2, 1 million has been spent.

- **Putting in place the personnel, spatial and financial conditions for the inclusion of children with difficulties within the regular educational system.** (see Chapter 3.2.2.6)
- **Introduction of and personal assistant service for people with the most severe and highest degree of disabilities.** For the third year MoFWVIGS conducts pilot project of personal assistant for persons with the most severe type and degree of disability. Objectives of the implementation of this project are the following: establishment of criteria for the selection of users of personal assistance services, analysis of the needs of persons with the most severe type and degree of disability in the area of RC, identification of the number of such persons, establishment of the amount of financial funds needed to ensure the introduction of the institute of personal assistant in legal regulation, the establishment of criteria for the selection of personal assistants and the creation of the basis for proposal of legal regulation. The evaluation of this project by UNDP is currently underway as an introduction to drafting of regulations by which this form of support will be institutionalized as the right of persons with the most severe type and degree of disability. For the implementation of this project in 2006 HRK 3, 2 million was spent, in 2007 HRK 8, 7 million, and according to plans in 2008 15 million HRK will be spent for the same purpose. In 2006 78 users were included in the project, in 2007, 176 users while in 2008, 338 users will participate into his project.
- **Design and development of the plan for professional rehabilitation, employment and work of people with disabilities.** According to the Report on the implementation of National strategy on equal possibilities for people with disabilities 2007-2015 in 2007, prepared in May 2008 by MoFWVIGS, the analysis of implementability of provisions of the Act on the Professional Rehabilitation and Employment of Persons with Disabilities and drafting of proposal of changes of the provisions of the Act and bylaws are in the process. UNDP Croatia is responsible for the project “Right to life in the community: Social inclusion and people with disabilities”, and CES is one of the partners in the project. Project consists of several phases. During 2007 survey has been conducted about the opinion of unemployed people with disability about the situation about employment in RC. Survey included 600 unemployed people with disability, and the purpose of survey was to collect information on the perception they have of their position in society, particularly in the area of work and employment, obstacles for employment, educational possibilities and their plans and needs with regard to professional rehabilitation and employment. The results of survey are in the process of being interpreted, and publishing is slated for the second part of 2008. During 2007 CES has continuously cooperated with associations of people with disability and associations acting programmatically for the benefit of people with disability through the participation in workshops, round tables and meetings organized by associations. The purpose of such workshops is to educate people with disabilities about possibilities of professional rehabilitation and employment and to stimulate unemployed people with disabilities to active approach to job seeking on the labour market. The cooperation has been developed both on national and regional levels. Basic topic of these workshops and conferences was “Antidiscrimination approach and equal opportunities for people with disability“. Until the end of 2008 it has been foreseen to conduct survey about discrimination in the area of employment and work of people with disabilities and create plan for the development of Strategy for preventing identified discriminatory behaviour in employment and work of people with disabilities in compliance with national documents and documents of the EU. Media campaign has been continuously conducted about the need to prevent discrimination in employment and work of people with disabilities and inform public about the need to ensuring mechanisms for preventing double discrimination of groups of people with disabilities (e.g. women with disabilities, persons with combined difficulties and alike). In addition to this, systematic

education of people with disabilities, employers, officials in civil services about forms of discrimination in area of employment and work and on the ways to prevent discrimination by implementing the Strategy for preventing identified discriminatory forms of behaviour in employment and work of people with disabilities is being continuously conducted. Also, the effects of implementation of the Strategy, media campaign and implemented education on preventing discrimination in employment and work of people with disability are continuously evaluated.

- **Detailed evaluation of measures of depriving of work capacity of people with intellectual problems and psychiatric illnesses in order to prevent discrimination and violation of human rights.** So far, there has been no systematic evaluation of measures of depriving persons with intellectual difficulties and psychiatric illnesses of their work capacity. Some suggestions have been taken from the Council of Europe Recommendations on principles concerning the legal protection of incapable adults. According to Recommendations protective measures should not be placing excessive restrictions over working capacity of a person with intellectual problems or suffering from psychiatric illnesses thus unnecessary reducing his/hers legal independence. In special cases of guardianship a new term of a «special guardian» was introduced (which also includes cases of temporary guardianship during the proceedings for depriving a person of working capacity). There were several cases of conflict of interest between a child and parents in which a child has been assigned a «special guardian». General provisions on guardianship are supplemented with intent to improve the relationship guardian – protégé i.e. to take into account the opinion of protégée, whenever possible.
- **More efforts are to be done concerning the implementation of adopted legal regulations relating to people with disabilities.** On 30 March 2007 in the seat of UN in New York, RC signed Convention on the Rights of Persons with Disabilities and Facultative Protocol to the Convention and on 1 June, 2007 passed the Act on the acceptance of Convention on the Rights of Persons with Disabilities and Facultative Protocol to the Convention. Convention on the Rights of Persons with Disabilities and facultative Protocol to the Convention entered into force on 3 May, 2008. In 2007 RC adopted the Act on Ombudsman for Persons with Disabilities which entered into force on 1 January, 2008. In its budget for 2008 the Government has earmarked the amount of HRK 2, 5 million to cover the costs of the establishment and starting operations of the Office of Ombudsman for Persons with Disabilities. In May, 2008 the person with most serious level of disability who is also the user of personal assistant services was appointed Ombudsman for Persons with Disabilities. According to plan nine civil servants and employees will be working in the Office.
- **Special attention is to be given to preventive measures: increasing the number of preventive health checks of insured persons and other groups.** (see Chapters 3.1.4 and 3.2.2.5)
- **Continue to implement programmes which contribute to a higher sensibilization of the society for the needs of, rights, capabilities and abilities of persons with disabilities (mitigating discrimination).** In 2007 the Office for Cooperation with NGOs organized a number of public meetings with the participation of persons with disabilities which have been regularly covered by the media. The Office has also organized public presentation of projects approved and financed within the frame of the CARDS 2004 programme, of which some of the projects are aimed at the protection of the rights of persons with disabilities. Within the scope of the CARDS 2003 programme numerous promotional activities and media campaigns have been organized in thirty local communities in RC, in which a number of associations of persons with disabilities have

actively taken part. As planned in 2008 the survey will be conducted on the position of persons with disabilities in society.

Sources of financing and responsible institutions

For the implementation of measures for persons with disabilities MoHSW and MoFWVIGS have been tasked in the first place. Other institutions participating in the implementation of measures include MoSES, MoELE, MoEPPPC, associations of people with disabilities and CSO. Implementation of measures is financed primarily from the state budget and from the EU funds.

3.2.4.2. Refugees, displaced persons and returnees

Overview of measures

- **Primary objective has been to ensure conditions for the return of refugees and complete the return process.** Since the beginning of return process in 1995 until the end of 2006 342,475 returnees were registered of which the majority (64%) are citizens of the Croatian nationality and 36% returnees of Serbian nationality (90,615 from Serbia and Montenegro, 9,097 from Bosnia and Herzegovina and 23,588 internally displaced persons in Croatian Podunavlje). Total of 4,211 persons have returned to their homes in 2006, whereof 19% refugees of the Croatian nationality and 81% returnees of Serbian nationality. By the end of 2007 total of 344,206 returnees were registered whereof 219,734 refugees, mostly citizens of the Croatian nationality and 124,472 minority returnees of Serbian nationality. On the basis of the requests for return, reconstruction and housing provision submitted by refugees with residence abroad, the number of potential returnees at the end of 2007 was estimated at a maximum of about 10,000. The remaining 4,123 persons include 1,149 internally displaced persons (the largest number from Vukovar), 1,622 refugees (majority from Bosnia and Herzegovina) and 1,352 returnees who returned to their homes in the last six months. All internally displaced persons and refugees are provided with permanent solution either through return to their homes or local integration in RC. Of almost 4,000 persons with the status of internally displaced persons, returnees and refugees, 1,256 are in organized accommodation in 15 remaining internally displaced persons/refugees settlements and other objects of organized accommodation (hotels for singles and 2 objects for elderly and people with disabilities). Other refugees and internally displaced persons are accommodated privately, including returnees who mostly returned to their homes. In the last four years 90 objects for organized accommodation which accommodated around 6,000 refugees and internally displaced persons were closed and they were provided with housing solution. According to plans, until the end of 2008 the remaining settlements of organized accommodation will be closed whereas for accommodating the remaining internally displaced persons and returnees 4 settlements will be kept. For all remaining internally displaced persons, returnees and refugees permanent housing solution has been ensured or their houses and flats are being renovated. It is expected that by the end of 2008 they will all return to their homes in RC and Bosnia and Herzegovina or will be integrated into local communities.
- **To complete the reconstruction of the housing stock damaged or destroyed until the end of 2007, except specific cases, and continue and increase funds for reconstruction of communal and social infrastructure and social economic regeneration in the areas of return, i.e. ASSC.** It needs to be emphasized that the major part of funds in the last years has been allocated for housing programmes. Special attention has been paid to the continuation of the housing programme in ASSC for all returnees, including greater number of young families as well as for the remaining refugees from Bosnia and Herzegovina who have settled in these areas. Until the end of 2007 housing provision was

ensured for the total of 28,158 family returnees and refugees from Bosnia and Herzegovina. All of 10,176 applications for housing programme were solved in 2007 (5,449 by the approval for renting a house of flat through the Real Estate Agency and the rest by the allocation of construction material for renovation or building of family houses. According to plans for 2008, of 14,000 remaining requests housing solution will be provided for about 4,000 families and that mostly by providing construction material.

- **To keep on and resolve the issue of tenancy-right holders inside and outside of the areas of special state concern.** At the end of 2005 started an intensive implementation of housing solution programme for the former tenancy-right holders out of ASSC as the last group of refugees whose return was dependent on providing housing solution. In 2007 the Government of the RC undertook activities for accelerating that process for former tenancy-right holders wishing to return to and out of ASSC and assumed obligation to resolve the remaining unresolved cases. Of total 8,568 applications for housing solution submitted by the former tenancy-right holders until the end of 2006 the realization was as follows: 1,400 were given the tenancy on flats or family houses, 594 applications were „closed” due to administrative error or renouncement of the applicant, 856 requests were rejected, 3,182 requests were positively solved and for these families housing solution will be ensured in 2008 and 2009. Total of 2,536 applications are unsolved (of which 1,071 applicants remained inaccessible). In 2007 the Government of the RC spent HRK 389 million for this purpose and for 2008 and 2009 the amount of HRK 1,195 billion will be spent for housing solution for former tenancy-right holders. Some 3,900 cases of the former tenancy-right holders will be solved by providing housing objects under the following dynamics: in 2008 1,427 cases and 2,462 in 2009. Of total 2,500 unsolved requests at the beginning of 2008 3,182 requests have already been positively solved and, as expected, at least additional 700 are soon to be positively solved.
- **Since a number of persons will be left without financial assistance with the loss of their status as refugees and returnees, some refugees and returnees are likely to end up in the social assistance system, so the growth in the resources required for social assistance will need to be predicted.** No information exists on the number of former refugees and returnees which ended in the social assistance system. Official statistics about social assistance users does not collect data about the user's former status, i.e. whether they had the status of a refugee or returnee.

Sources of financing and responsible institutions

MoRDFWM is responsible for the implementation of measures relating to refugees, internally internally displaced persons and returnees. The main source of financing projects of return, reconstruction and housing solution is the state budget. Parts of measures are financed with loans received from international financial institution and funds from EU programs.

3.2.4.3. The Roma population

Overview of measures

- **All Roma children should be prepared for school through a pre-school programme and be enrolled in compulsory primary education.** In compliance with the Action Plan for the Decade of Roma Inclusion 2005-2015 in cooperation with local community schools organized discussions with parents of Roma children about the need of inclusion of children in pre-school educational programmes. MoSES is implementing the project „More accessible and quality education of Roma in RC“ since July 2006 to October 2008 for cofinancing a quality and integrated pre-school education, pre-school programme and daily stay for children of Roma national minority. Project is financed by funds from Roma Education Fund (1.3 million HRK). Pre-school programme have covered 361 children of

Roma national minority and 133 of non-Roma children. Daily stay covered 246 pupils of Roma national minority and 20 non-Roma children. Project activities covered total of 607 children of Roma national minority. In the school year 2007/2008 509 Roma children were covered with programmes of pre-school education (in the school year 2006/2007 that number amounted to 636). The number of Roma children of both sexes who enrol in primary school has increased (from 1,013 in 2005 to 3,224 in 2007). Preconditions have been created for the reduction of classrooms which are attended only by Roma children. In the school year 2006/2007 about 10% of children attended classes with exclusively Roma children and that only in Međimurje County, often because the Roma settlements are spatially separated from settlements of majority population. Also, the number of Roma who complete primary education is on the rise (in 2007 113 pupils completed primary school). In all classes in primary schools where Roma children are separated from the other children, there will be measures for integration of Roma children with the aim that they will easily complete curriculum and be fully included in the educational system (anti-segregational measures). Same measures will be realised in preschool education.

- **Introduce daily stay programmes for Roma children at elementary schools, with additional and complementary activities and the participation of educated Roma classroom assistants to act as mediators between pupils, parents and school staff and management.** In the school year 2006/2007 349 Roma pupils were covered by daily stay programme. The Roma classroom assistants were trained to act as mediators between school and Roma community. According to the records of MoSES at the end of 2007 23 Roma assistants were employed compared to only 15 in 2006.
- **Increase the number of Roma children of both sexes that enrol and complete secondary and post-secondary education.** The number of Roma pupils enrolled in the first classes of three- and four years secondary school has increased, from 17 in the school year 2005/2006 to 82 in the school year 2007/2008. Also the number of pupils granted scholarships increased, from 43 in 2005/2006 to 101 in 2006/2007 (44 girls and 57 boys). In the school year 2006/2007 47 pupils were accommodated in pupil's homes. The number of Roma pupils enrolling in higher classes of secondary schools has increased (in 2006/2007 the number of enrolled in third and fourth class was double (51) than in 2005/2006). Small progress has been made with regard to the increase of number of Roma students enrolled in higher education institutions (in 2007 11 students enrolled in institutions of higher education, of which 7 female students). To almost all of them accommodation in student's hostels has been ensured if they have asked for it.
- **Create overall school environment in accordance with the principles of intercultural/multicultural education.** There is the affirmation of Roma culture through school presentation organized for the World day of Roma. Pupils (Roma and non-Roma) in some schools may choose subjects dealing with specific aspects of Roma culture. In 2007 first classes of primary musical schools were established for the Roma children in Slavonski Brod, Čakovac, Pitomača, Virovitica. This education encompassed between 86 and 90 pupils of Roma national minorities. In 2007 MoSES cofinanced projects important for connecting the Croatian and Roma culture (e.g. with HRK 75,000 it cofinanced the publishing of Croatian-Roma and Roma-Croatian dictionaries and Croatian-Roma historical dictionary with images). Office for national minorities, in line with measures from National programme for Roma, each year grants funds to associations and cultural-artistic Roma associations in order to protect traditional Roma culture (for purchasing music instruments, painting kits, folklores clothing and organization of courses aimed at preserving traditional culture). Ministry of culture also participates in supporting traditional Roma culture and the works in the areas of literature, culture, art, museum and

library activities and other areas relating to the promotion of Roma national minority culture in RC.

- **Building of cultural centres for the Roma in Čakovac and Zagreb.** The obligation of building two cultural centres of Roma has not yet been realized although the Office for national minorities allocated certain funds to the City of Zagreb and Čakovac. In the beginning of 2007 in cooperation with the Roma representatives location for building cultural centre in Zagreb has been selected, the Council of Roma national minority proposed content and purpose of the centre and the City of Zagreb announced public tender for drafting urban-architectural design of multi-purpose cultural centre.
- **Create the preconditions for the inclusion of Roma representatives in the bodies of local and regional self-government.** The Roma are included in all level of authorities (from local to regional and national) through their representatives. During 2007 elections were held for national minority councils and representatives. In 16 elected councils over 300 Roma are included in decision-making processes. Also, for the first time at the 2007 parliamentary elections a Roma representative was elected who, except its own, represents another 10 national minorities.
- **Improve access to and quality of health care for the Roma population.** Data about vaccination of Roma children for period 2007-2008 are still being collected (see Chapter 3.2.2.5). Research is the only way to obtain certain data as school medicine does not keep record about vaccination according to nationality. Results of surveys implemented in 2006 indicate a low rate of vaccination of Roma children of pre-school age, while vaccination in school children is relatively high. Continuous effort is being invested in the improvement of hygienic-sanitary conditions in settlements (deratization) and conduction health education activities, particularly in kindergarten and pre-school institutions.
- **Include Roma women in decision-making processes to a greater extent.** In the period 2004-2007 a number of seminars, workshops and courses for young Roma population were held in order to provide training for their participation in the implementation of National programme for Roma and Action Plan for the Decade of Roma Inclusion 2005-2015, for assistance in leading the associations and drafting of projects, participation in decision-making in local and wider community, realization of the rights of Roma guaranteed by the Constitution and legal system of RC, greater inclusion in social life, promoting Roma culture, the rights and customs by means of the media, for promoting mutual collaboration of different Roma association, and for adopting main oratory skills. As all other national minorities associations the Roma associations are financed through the Council for national minorities. In 2007 and 2008 projects of two associations of the Roma women (“Better future” and „Roma hearth”) have been financed by the funds of the Council. Association “A better future” issues a magazine and promotes awareness of women in their role in decision-making processes and in society, while association “The Roma hearth” promotes cultural activities among Roma. In 2007 and 2008 for their activities the two associations have been granted HRK 352 000 from the Council.
- **Encourage greater employment of the Roma through public work and training for particular professions.** (see Chapter 3.2.1.2)
- **Improve housing conditions of the Roma population (legalisation of Roma settlements and development of their infrastructure).** On the requests by MoEPPPC, Institute for social sciences Ivo Pilar in 2004 conducted research on the Roma settlements in RC (“Locations inhabited by the Roma – status and improvement of settlement development and aspiration for the forms of housing”). In the period 2005-2007, 12 of 14 counties with Roma settlements created the programmes of activities for the improvement of spatial and housing conditions of the Roma. In two remaining counties drafting of programme is in the

process. Of five submitted requests four are in the process of solving property rights issues relating to land with Roma settlements while one request has been solved.

- **Prevent violence and discrimination against Roma.** In order to prevent violence against Roma measures for strengthening cooperation of the police with Roma community at local level are being continuously implemented. During 2007 within the frame of High police school a survey under the title “The police and protection of vulnerable groups: teenagers, women and minorities”, was carried out. The survey deals, among the other, with the perception the Roma have about their own security and to which extent they are satisfied with the police behaviour toward them. Police regularly monitors all events with elements of violence in the Roma community. From 1 January, 2004, in line with obligations ensuing from measures established in National programme for the Roma, continuous follow-up of criminal acts and offences to the detriment of the Roma and criminal acts within the Roma communities is carried out at the level of police administration (through trimester, biannual and annual reports). Once in a year the police submit reports to the Office for national minorities on types and extent of violence over Roma. Police tends to influence citizens, particularly Roma citizens to report to police as victims or witness all cases of racially motivated violence over the Roma with the objective to improve quality of police reaction to citizen’s reports on racial incidents. For more efficient protection from discrimination, in July 2008 Act on preventing discrimination has been adopted, which defines discrimination based on race, ethnic affiliation or other characteristics. Act precisely defines ways of conduct with regard to legal protection of victims of discrimination.
- **Empower the Roma to participate more in the projects devised for them and follow up the efficiency of various projects for the Roma.** Significant progress has been made in the inclusion of representatives of Roma in activities and projects relating to the Roma. The representatives of Roma and Roma associations have participated in drafting of strategy and programme for Roma. Roma representatives are included in committees for follow-up and evaluation of impact of individual measures or programme and moreover, many Roma associations are responsible for the projects for Roma. Based on experience in follow up of National programme for the Roma and Action Plan for the Decade of Roma Inclusion 2005-2015 decisions have been brought to increase the number of the Roma representatives in committees and projects for Roma, but for this purpose education is needed so that the Roma can successfully participate in projects. Evaluations of projects are based among other, on the opinions and assessments of members or representatives of the Roma communities. During several last years seminars have been organized for the Roma to acquire necessary knowledge on management, establishment and management of associations, systematic linking of their association and representatives, informative and promotional materials have been printed for systematic and efficient inclusion of the Roma in implementation of projects devised for them.

Sources of financing and responsible institutions

Measures intended for the Roma population cover different areas of activities and therefore larger number of ministries and other institutions are responsible for their implementation: MoSES, MoHSW, MoFWVIGS, MoEPPPC, MoI, MoJ, Office for national minorities, CES, LRSGU, Roma associations, CSO. Measures are financed mostly with funds from state budget, but significant part is also ensured by local authorities and EU funds.

3.2.4.4. Other vulnerable groups

Overview of measures

- **Additional surveys are needed to determine the actual need for shelters for homeless and invest more efforts to prevent homelessness and to integrate homeless people within society.** (see Chapter 3.2.2.7)
- **Where drug addicts are concerned, the main focus should be on prevention programmes.** Large number of activities with the objective of improving and implementing prevention programmes have been carried out during 2007 and 2008 within the frame of CARDS project “Strengthening capacity of the RC for combating drug trafficking and drug abuse”, which has been implemented by Office for combating narcotic drug abuse. Within the frame of the project pilot models of intersectoral and partner cooperation have been established in the counties for implementing prevention programmes. In Split-Dalmatia County from 27 September to 1 October 2007 GINKO prevention week has been carried out, whose activity contributed strengthening cooperation between NGOs, the City of Split and county Committee for Substance Abuse Prevention, which took over coordination and devising further activities during 2008. In Međimurje County models of intersectoral and partner cooperation have been established for implementing prevention activities and that cooperation of schools with external subjects and standing working groups for implementation of prevention activities have been established. In Vukovar-Srijem County implementation of media campaign has been launched under the name „Let's talk with children – Together against drug” based on the Polish model which is continuously carried out during 2008. Also, model for education in the area of prevention work, the MOVE programme has been launched, which will be continuously implemented throughout 2008 and 2009 with the coordination of Office for combating narcotic drug abuse and supported by MoHSW and CIPH. Programs of prevention of addiction in RC are organized primarily at the level of local communities i.e. counties as multidisciplinary activities in which different sectors take part, from educational system, health, social care, NGOs and the media.
- **Develop the cooperation between state and non-governmental organisations in the implementation of the programme to reduce drug demand and supply, to provide regular financing for non-governmental organisations and to enable non-governmental representatives to participate in coordination bodies at national and local level.** In 2007 Office for combating narcotic drug abuse of the Government of the RC after published tenders allocated funds in the amount of HRK 1 million HRK from state budget for 14 projects of associations in the area of the substance abuse prevention and in 2008 HRK 1,1 million for 18 projects of the associations. In addition to this, NGOs representatives have been included in drafting of various strategic documents such as Guidelines for standards of therapeutic communities, Project of resocialisation of drug addicts and other documents. Within the frame of CARDS project, as well as in the organization of Office for substance abuse prevention numerous education, seminars and workshops have been organized for NGOs representatives with main topics such as prevention, treatment, resocialisation and other topics from the area of substance abuse prevention. Special comprehensive education has been organized for NGOs upon the establishment of National information units for drugs by the Office and upon building national information system for substances and its adjustment to the EU standards.
- **To continue media and other campaigns against family violence and ensure assistance and support for family violence victims.** Based on the analysis of reports made by authorized central bodies of state administration, judicial and other state institutions, public institutions and CSO on implementation of National strategy for the protection against family violence for period 2005 to 2007 it can be concluded: that adoption of the National strategy contributed to the recognition of family violence as unacceptable form of social behaviour which violates basic human rights and freedom, that violence in the family is

recognized as a form of discrimination against women and unacceptable form of violating the rights and interest of a child, that authorized state bodies contributed with their work to a greater prevention and protection of victims violence in the family, particularly in regard to upgrading legal and institutional system. According to estimates good results have been achieved in sensibilisation of expert and wider public on overall negative consequences of family violence, significant progress has been made in the area of education of experts, state and public officials and volunteers for recognizing and acting in situations of family violence, that authorized judicial bodies have shown a good sensibilisation of total endeavour of the society to prevent, through appropriate repressive measures but also punish the perpetrators of family violence (more successful actions and cooperation the police, CSWs and NGOs have also greatly contributed), that associations of civil society in the area of prevention and protection of victims of family violence have played significant role in the development of the system of acting in this area. In 2006 MoFWVIGS spent the total of about HRK 1.3 million for 11 projects, and in 2007 HRK 1.8 million for 17 projects carried out by different associations of citizens and non-profit institutions. From 2006 do 2008 Campaign for the prevention against family violence over women, as part of the Council of Europe campaign was implemented and in the meantime new National strategy for the protection against family violence for period of 2008 do 2010 has been adopted. MoHSW has been tasked for ensuring accommodation and provision of psychological and social assistance victims of family violence. RC has not founded home for victims of family violence, but the Act on Social Welfare has provided possibility for legal and physical persons to establish public institutions of social care – home for children and adults victims of family violence. During 2007 contracts have been concluded with 6 associations and in 2008 with 7 associations which provide accommodation for victims of family violence. In 2007 MoHSW ensured over 2 HRK million for expenses for accommodation of victims of violence.

Resources allocation and responsible institutions

Key institution responsible for coordination of the implementation of measures for the prevention of drug addiction is Office for combating narcotic drug abuse. Other state bodies (MoSES, MoHSW, MoFWVIGS), NGOs, local self-government units and other stakeholders have also taken a great part in the implementation of measures. For all activities of the Office for combating narcotic drug abuse 6,4 million HRK has been spent in 2007 from state budget. Activities in the area of substance abuse prevention have also been financed from the EU funds in the amount of 1 million Euro, within the frame of CARDS twinning project for 2004 „Strengthening capacity of the RC for combating drug trafficking and drug abuse”, implemented from September 2006 until the end of February 2008. MoHSW and local self-government units are tasked with the implementation of measures aimed at homelessness (with religious organization and other NGO playing an important role). MoFWVIGS and MoHSW are responsible for prevention of family violence and assistance for victims of family violence (in cooperation with MoI, MoJ, NGO, and LRSGU). Funds necessary for financing campaign against family violence and assistance for victims are predominately ensured in state budget.

Multidimensional approach and the governance of policies and practices

Coordination of activities aimed at reducing substance abuse is the responsibility of the Office and county Committees for substance abuse prevention, but other experts from the area of educational system, social care, health, etc. are also included, as well as NGOs, county offices of state administration and other relevant institutions acting in the area of substance abuse prevention. Counties' committees have primary role to coordinate, plan and follow up the

implementation of prevention programmes, therapeutic programmes and substance abuse prevention at the level of local communities and are also tasked with crating action plans for substance abuse prevention at the level of a county. The Office permanently cooperates with the counties committees for substance abuse prevention and provides professional assistance to stakeholders at local level through education and other forms of cooperation and issues professional opinions about their programmes.

3.2.5. Deprived areas and regional differences

Overview of measures

- **The sustainable development of RC as a whole presupposes the reduction of regional inequalities with respect to economy, infrastructure, education, health, culture and demographic and social issues.** The activities undertaken in 2007 and 2008 have mainly been directed to dealing with the consequences of war in the ASSC (infrastructure and development projects promotion). During 2007, 40 infrastructure development projects have been realized in AASC, and HRK 20.5 million were spent on those projects. In 2008, according to plans, HRK 19.4 million are to be spent on AASC. During 2007, over 50 projects of infrastructure development in highland areas have also been realized, and HRK 18.7 million spent on them (in 2008, according to plans, HRK 20 million should be spent on those projects). In the period from 2005 to 2007, the programme of returnees' settlement electrification has covered a total of 670 settlements in about 100 municipalities with returnees, where about 4,600 households have been connected to a low-voltage electrical grid. The programme has been jointly financed by MoRDFWM and Hrvatska elektroprivreda (Croatian Electrical Utility) and the funds amounted to HRK 183 million. Almost all settlements that were in 2005 identified as the settlements without electricity have now been electrified. The basic problems of the policy of reducing regional inequalities are the following: the key strategic documents have not been adopted so far (they mainly exist in form of proposals and drafts); there are considerable difficulties in the implementation of laws related to deprived areas, there is imbalance between investments into basic infrastructure and investments into other aspects of economic and social development; criteria for defining areas lagging behind in development are not systematic and precise; there are no reliable data on the impact of measures taken so far and, in general, a system of monitoring indicators of regional inequalities is lacking. According to plans, the majority of strategic documents and legal regulations should be adopted during this year and the following year (see Chapter 3.1.6).
- **The implementation of existing regional policy measures should continue, with more consistent implementation of regulations adopted by the Croatian authorities so far.** The key measures of the existing regional policy have primarily been directed to AASC, highland areas and insular areas. The measures in those areas (envisaged by the Act on Areas of Special State Concern, Act on Highland Areas and Islands Act) include: allocation of houses, apartments, land and construction material; use of certain state resources without paying recompense (land, forests); promotion of economic activities through tax exemption, customs duty exemption on occasion of import of agricultural machinery, live stock etc. The problem is the fact that so far a thorough and integral evaluation of the mentioned measures has not been conducted.
- **Mine cleaning of formerly occupied areas.** On 1 January 2007, the total suspected mine area of the Republic of RC amounted to 1,044 km² and covered the territory of 116 towns and municipalities. In 2007, the suspected mine area was reduced by 47 km², which means that 997 km² remains to be cleared of mines or searched. In 2008, according to plans, the area of 33 km² is to be de-mined. In 2008, according to plans, a new National Mine Action Program for the 2008-2010 period is also to be drawn up. In 2007, the total resources

earmarked for the de-mining activities amounted to HRK 292 million (state budget - 57%, legal persons and state administration bodies - 27%, donations - 16%), and in 2008, the planned resources amount to HRK 319 million (state budget - 41%, donations - 20%, legal persons and state administration bodies - 21%, international loans - 18%).

- **On the occasion of allocation of funds earmarked for the implementation of programmes of ALMP, the priority should be given to deprived areas, which are marked by above-average unemployment rate.** The CES, as part of its active employment policy, is implementing the following measure: co-financing of employment in the ASSC and the areas requiring scarce occupations. This measure aims to encourage spatial and professional mobility of the young, and at the same time to provide employers with required staff who are not available in the records of unemployed persons in the area of employers' scope of activity. Subsidies granted to employers amount to 80% of the basis prescribed for the payment of extended retirement insurance contributions for university qualifications during the first year of work, 60% of the basis during the second year and 40% of the basis in the third year. The length of subsidy is 36 months. Employers have the obligation to keep the person employed during the subsidized period. Once the period of co-financing expires, if the employer wishes to keep the co-financed staff employed, he will receive one-time amount of Euro 1,000 (in HRK equivalent value) per each person thus employed, with obligation that he/she keeps those persons employed for at least 12 months. The employer may use the one-time amount of Euro 1,000 (in HRK equivalent value) during the co-financing period for educational purposes (IT courses etc.), but just for verified programmes. The mentioned amount is paid to institutions providing educational programmes.
- **Design specific support projects for rural areas (especially for the transformation of inefficient agriculture).** The new Act on Agricultural Land, that has been sent into regular parliamentary procedure and under which an information system of data on agricultural land and an Agricultural Land Agency are to be established, should resolve the issue of better use of that land. The Act envisages the establishment of the agency as a specialized public institution that will provide conditions for functioning of the agricultural land market. Furthermore, merging of agricultural holdings for more cost-effective use, the increase of the used agricultural land and putting into function the unused agricultural land, and penalties for owners who neglect and pollute land have been foreseen. Acceleration of privatization process will be possible due to a decrease of bureaucracy procedures and for privatization of agricultural land less approval will be needed. Advantage in buying will have former lessees providing they have duly fulfilled their obligations under lease, holding with objects for cattle breeding, holders of agricultural holding below 40 years of age and holdings with the approved project within the framework of Operative programme of the Government. Advantage will also be given to the farmers living in the areas of LSGU which conducts the tender, the Croatian war veterans and members of the family of dead war veterans. Through UNDP programme of local development, aimed at decrease of differences between developed and undeveloped areas of RC and which provides support for the development of agricultural activities, infrastructure and social services in ASSC or generally weekly developed areas, in 2006 and 2007 118 projects have been co-financed (in the value of about 30 million USD of which 4.7 million were UNDP funds and the rest from local communities).
- **Proposing and implementing measures to enhance the self-employment of women in rural areas.** In the area of the promotion of gender equality, reduction of poverty and social exclusion, in connection with the activity for strengthening female entrepreneurship, it is worth noted that in April, 2008 Operational plan for promoting entrepreneurship in SME sector for 2008 was adopted. Operational plan includes among the other the project

„Entrepreneurship of women and targeted groups“ by which plan in 2008 HRK 4,5 million has been ensured for implementation of activities entrepreneurship of women. According to data of Administration for SME and holdings during 2007 on the basis of the project „Entrepreneurship of women “ total of 877 requests of women entrepreneurs has been approved with total allocated amount of 4,5 million HRK. In March, 2008 a group of women from Gračac, in cooperation with UNDP, launched the Centre for female entrepreneurship. The purpose of the newly opened Centre is to help interested women in entrepreneurial activities to become independent and to start their own crafts and production. Cooperation with Association of craftsmen from Zadar has been started, which will provide necessary professional assistance, and approach to relevant information and education in craft and entrepreneurship is also planned.

- **Stimulating development of and cooperation in bordering areas.** RC has cooperated and still cooperates in several projects of cross-border cooperation, especially through PHARE and CARDS programmes. The objective of project of cross-border cooperation is primarily to reduce negative impact of borders on uneven economic and social development of bordering areas. RC through PHARE 2005 and PHARE 2006 programmes of cross-border cooperation participates in the programme for neighbourhood Slovenia - Hungary -RC and in Program of Adriatic cross-border cooperation. Total funds allocated by the EU for these PHARE projects amounts 12 million Euros. In addition to this RC participates in regional CARDS 2004 project of administrative support for new neighbourhood cross-border cooperation worth 1 million Euros. Implementation of project allocated funds through grants PHARE and CARDS programmers of cross-border cooperation is in the process. Final amounts of the used EU funds for precession assistance through programmes of cross-border cooperation will be established at the completion of the implementation of the programme by the end of 2008.
- **Stimulating cooperation between government bodies and CSO in regional development policy, plan local development through local partnership and follow up the impact of public investment in regional development (taking into account priorities, objectives and measures contained in counties strategies and regional operational programmes).** Proposed Strategy of regional development which should be adopted by the end of the year is based on the assumption that developmental programmes of counties and wider regions are preconditions for overall social and economical development at subnational level. By this a comprehensive system of development and planning is to be established in which state and county authorities have consented in their views with regard developmental priorities. Strategy anticipates establishment of county partnerships which will be composed of representatives of public, private and civil sector. In these partnerships state authority representatives but also local self government will take part. Real needs of counties would be defined in the county developmental strategies which will be focused to development needs of the area with developments difficulties but also to developmental needs of wider regions and cross border cooperation.
- **Central government still has to take charge of the transport connections between the islands and mainland, because transport is a major requirement for the island population to ensure equal access to services available on the mainland (education, health, employment etc.).** Administration of maritime traffic, maritime domain and ports directs its activities to the improvement of existing status in traffic system, its developmental level, adaptability and efficiency. One of the most important activities is promoting of regular passenger ships and fast shipping lines. The established Agency for coastal line traffic indirectly and in a decentralized manner oversees this segment of activities. In 2007 for coastal line traffic the Agency spent HRK 371 million, and according to last rebalance of state budget in 2008 for the same purpose HRK 444 million

have been earmarked. State budget is the primary source of financing and small amounts flow from the counties and cities which finance less frequent lines. 48 state lines connecting practically all populated islands are regularly maintained. With the aim to connect islands with land and island between them the Administration for island and coastal development spend in 2007 almost HRK 64 million (funds for projects of building, or reconstruction of ports and investment in shipping and air lines), and in 2008 the amount of over HRK 60 million has been planned for the same purpose. In addition to this, Administration for island and coastal development invested HRK 17 million in projects of central school in coastal area and in reconstruction of regional schools on the islands with the aim to implement distance learning project.

Resources allocations and responsible institutions

MoRDFWM is the institution responsible for implementation of regional policies measures. Majority of funds necessary for financing measures is ensured in state budget. Through cross-border cooperation projects and incentives for development of rural areas and ASSC important source funds are EU funds (PHARE and CARDS) and funds from UNDP. Largest part of funds for mine clearance is ensured from state budget and significant grants and funds from other sources.

3.2.6. Mobilizing all relevant stakeholders and resources

Overview of measures

- **Encourage and promote social partnership and dialogue.** The main institution in the sphere of social partnership is the Economic-Social Council at the national level and economic-social councils at the county levels. Notwithstanding the important role that the Economic-Social Council has in formulating the social and economic policies, the assessment made, inter alia, in the JAP of 28 May 2008, is still valid: the impact of social dialogue on the decision-making and policy creating process is still moderate. A step in the positive direction is also the fact that based on the agreement of social partners, as well as the conclusion of the Economic-Social Council of 30 April 2008, working groups have been formed on the tripartite basis (representatives of relevant ministries, trade unions and the Croatian Employers' Association) with the aim of drawing up the "Social Partnership Agreement for New Development Cycle". The mentioned document covers the following: maintenance of macroeconomic stability; strengthening of national competitiveness; labour; employment and salaries; social dialogue; strengthening of social security, fight against discrimination; protection of equal rights and family and housing policies.
- **Strengthen cooperation and partnership between civil society organizations (NGOs) and the Government and among NGOs.** It is difficult to speak about the change of position and role of NGOs during this short period. The role of NGOs has been especially promoted through the activities and financing of National Foundation for Civil Society Development, as well as the Croatian Government's Office for Cooperation with NGOs that has become increasingly visible over the past year. It is worth noting the effort of the Office has invested last year in the process of creating Code of positive practice of consultation with the public interested in the procedure of bringing of laws, bylaws and other regulations and acts. Preparation of this Code has been one of priorities of Operational plan of the implementation of National strategy for creation of incentive environment for civil society development from 2006 to 2011. Adoption of Code minimal standards in consultation will be defined with an emphasis on duration of consultation, criteria on the inclusion of interested public, coverage of consultation process and availability of draft laws and other regulations and acts of state bodies by which issues of general welfare are regulated. Development of efficient dialogue between the Government

and civil society is one of prerequisites of further democratization and Europeanization of process of adoption of public politics in RC, including social politics, in compliance with political criteria for the EU membership. In the sphere of social welfare and social protection, NGOs are encouraged to provide social welfare services, as can be seen from other parts of this report. Representatives of the organizations have actively participated in the process of drawing up and implementing JIM and they have been involved in the process of drawing up of other relevant legal acts. In early 2008, the proposal of the Humanitarian Assistance Act was also drawn up, which provides the definition of the humanitarian aid in the Republic of Croatia; it has been decided that the humanitarian aid to third countries would be regulated by a regulation of development assistance. In 2007, the MoHSW financed the basic activities of organizations and unions as well as their projects and programs from the budget resources and the income generated from games of chance - the total amount being HRK 73 million. By the adoption of the Act on Volunteering of 6 June 2007, conditions are being realized for NGO to take an active part, on an equal footing and in the responsible manner, in synergy with other sectors, in the realization of wellbeing and equal opportunities for all.

- **Promotion of gender equality in the fight against poverty and social exclusion.** The gender dimension in the fight against poverty and social exclusion has been emphasized in different parts of this report. Here we will just mention the realization of some measures, in accordance with the commitments from the National Implementation Plan. Firstly, the county councils for gender equality have been established in all counties and the City of Zagreb, and they are part of the national institutional mechanisms for promoting gender equality. The OGE has addressed to county prefects the request for presentation of financial resources used to support the activities of the county councils in 2006, 2007 and 2008, and an analysis of data will be conducted in the forthcoming period. Secondly, an empirical research has been conducted under the title “Identification of Discrimination Standards in the Employment of Women“ in cooperation with scientists from the Sociology Department of the Faculty of Philosophy in Zagreb, Target Agency and CES. The basic research results show that over 60% of interviewed women were faced with some form of discrimination when looking for job and they believe that discrimination is most expressed in the labour area. In the upcoming period, the drawing up of the Codex on the employment of women in companies and interest organizations will be initiated on the basis of the research results. For this purpose, an expert working group has been established with the task of drawing up the Codex, and good cooperation has been established with the Economic-Social Council. Thirdly, the OGE has printed 200 copies of the 2006-2010 National Policy for Promoting Gender Equality in Braille script. The office has also sent to disabled persons associations a number of publications published by the Office, and in cooperation with the Disabled Women’s Network, information on the SOS telephone number for assistance to women with disabilities-victims of violence has been posted on the Office Internet site.
- **Larger involvement of local authorities into activities for preventing and alleviating poverty and social exclusion.** As mentioned in the Chapter 2.2., the local authorities were included in the process of drawing up JIM as well as the process of drawing up the National Implementation Plan. Since the National Implementation Plan was presented only in March 2008, and due to the fact that it was largely directed at the state administration bodies, the role of LRSGU has not been prominent in this reporting period. In the next cycle of fight against poverty and social exclusion it will certainly be necessary to establish clear coordination mechanisms between the central and local authorities, i.e. encourage LRSGU to regularly make social visions of their areas and adopt their own action plans for fight against poverty and social exclusion.

- **Monitoring and evaluating of measures should be transferred from state structures to independent (academic) institutions.** The drawing up JIM encouraged cooperation between the state structures and independent (academic) institutions, as well as NGOs involved in research work. This has been demonstrated several times in this report, and when we are speaking of the analysis of individual measures that have been taken in Croatia for the first time so far (e.g. analysis of regional differences related to the number of children included in the pre-school system; analysis of housing subsidies). This is a signpost for future systematic transfer of measure monitoring and evaluation to independent institutions.

4. REPORT ON IMPLEMENTATION OF AGREED COMMITMENTS FROM CHAPTER 8 OF JIM

4.1. Launch a study on disadvantaged youth (early school leavers having difficulties in the transition from school to work)

The so far completed stage of research, with the assistance of LFS data, has identified the general dynamics of youth integration into the labour market over the past decade, as well as differences in the quality of outcome for certain educational groups. The risk factors have also been identified related to early secondary school leaving and failure to attend tertiary education (primarily material status, social-cultural status of the family and previous educational decisions).

On the basis of an agreement between MoHSW and UNDP Croatia, and in cooperation with CES, a retrospect research is currently being prepared on educational and working careers of the young in Croatia – on the sample of 3,000 persons; in the process a special attention will be paid to "problematic" careers of persons who have lower employability prospects, persons with disabilities, those without secondary education and young Roma. Experts in different social sciences take part in the preparation of research and implementation of analyses - sociologists, economists and psychologists from several domestic and foreign institutions (Law Faculty - Zagreb, Centre for Policy of Development of Small and Medium Size Companies and Entrepreneurship, Faculty of Economy - Zagreb, Institute for Social Research - Zagreb, Mannheimer Zentrum für Europäische Sozialforschung - Mannheim, CES, Faculty of Philosophy - Zagreb). The first findings will be presented in late 2008.

The material collected by this research will be applied in the areas of fight against social exclusion, educational policies and in the employment system:

- MoHSW: Identification of long-term risk factors related to early school leaving, inability to find employment and unsatisfactory outcomes in the labour market (lack of activity, badly paid or short-lasting jobs).
- MoSES: Identification of educational areas and level that are related to difficulties in the labour market, and in which there is frequent discrepancy between the current occupation and previous education; overview of typical and risky “educational careers“.
- CES: Identification of factors and strategies contributing to the faster finding of job and an employment of higher quality (long-term employment); models of unemployment and employment of persons with lower employability prospects; assessment of the size of population who does not start their careers with registering with CES – their employment strategies and labour market outcomes.

For this purpose consultations will be carried out with the stakeholders and findings presented which will contribute to the formulation of proposals of public policies and measures in the employment and education area.

4.2. Prepare a strategy of decentralisation of social services with focus on the areas of special state concern

In 2007, a proposal of the National Strategy for Functional and Fiscal Decentralization and Development of Human Resources was drawn up. An integral part of the National Strategy is also the decentralization of social welfare services. The decentralization would result in the re-assignment of functions among the central level, functional regions, counties, towns and municipalities.

The central level would retain the legislative and inspection roles, as well as the role of managing capital with the aim of equal development of social services network. An advisory body would also be established at the central level (National Council for Health Protection and Social Welfare Policies), which would be in charge of determining basic rights and conditions for their exercise, quantitative and qualitative standards of services, issuance of permits for the provision of services and professional services as well as for the evaluation and monitoring systems.

The Regional Council for Health Protection and Social Welfare Policies and the Regional Committee for Health Protection and Social Welfare Policies would be active on the level of functional regions. They would give opinions and approve investment plans for the institutions of regional importance.

Founding rights of most social welfare institutions would be transferred from the central to the county level. The following institutions are in question: social welfare centres, family centres, homes for children with behaviour disorders, homes for children without adequate parental care, homes for domestic violence victims, homes for mentally impaired adults, homes for mentally retarded persons, homes for persons addicted to alcohol, drugs and other narcotics. Founding rights of the homes for elderly and infirm persons have already been transferred to counties. The Health Protection and Social Welfare Council would be active at the county level, which would have an advisory role with regards to mid-term social plans and investments.

There is a possibility of further decentralization of branch offices of the social welfare centres and homes from the county level to the larger cities' level. This means that the cities would manage the homes or centres transferred under their jurisdiction. The towns and municipalities would also take part in the work of the Health Protection and Social Welfare Council.

The strategy also envisages the integration and linking of the health protection and social welfare services through the health protection and social welfare councils. The decentralization should contribute to the development of the social welfare system, which will be harmonized with local objectives and requirements. In addition, competitiveness is being encouraged in the services sector especially through a more intense involvement of NGOs in the activities of service planning and provision. The decentralization is a precondition for the access to services by different groups of beneficiaries.

The period envisaged for the implementation of decentralization of services includes two stages. The first stage (2007-2009) refers to the change of the existing legislation and the adoption of new legislation required for the process of fiscal and administrative decentralization, human resources development and the development of standards for the implementation of services. The second stage (2010-2011) would cover the transfer of CSW founding rights, social welfare homes and family centres on counties and towns. Institutions in charge of the implementation of the decentralization strategy are the MoHSW and MoFWVIGS and the local government and self-government units.

4.3. Launch a study on the problems of over-indebtedness (credit card debts, loan sharking and informal loan arrangements)

According to well-founded opinions, the population over-indebtedness is one of the most important factors of social exclusion. The aim of the study entitled “Croatian citizens indebtedness as a determinant of social exclusion” is to consider the existing state of citizens' indebtedness and propose measures for its improvement. The study should provide an insight into the households' indebtedness on the basis of data from the HBS for 2003 and 2006. The sample households have been divided into categories in order to establish differences in the indebtedness of different population groups. The number of indebted households has been calculated as well as average indebtedness, average debt servicing and various other indicators. This analysis should serve as the basis for a further study of Croatian population indebtedness and over-indebtedness.

According to the data calculation from the HBS within the Project “Croatian citizens indebtedness as a determinant of social exclusion”, one third of all households is indebted, i.e. approximately 470,000 households. The share of indebted households varies from group to group. The higher income households get indebted more frequently: almost a half of the households from the fifth quintile group are indebted, whereas just one sixth of the households from the first quintile group are indebted (13-14%). There is a considerably larger share (46%) of the indebted among households with employed household members (“full” and “part-time” employment) than among the households without employed household members (23%) or in those where household members are older than 64 (just 8-11%). The degree of indebtedness also increases with the education level; thus, one fifth of households, in which the household head has only completed basic education or less, is indebted, whereas for others, the share is twice as big. Single men (and single women) are more rarely indebted than other citizens. The share of indebted households did not change between 2003 and 2006, taking into account the population as whole or individual groups.

While the share of households with housing debt has increased in almost all groups, the share of indebted households having consumer loans decreased in several groups, and in the others have remained unchanged. The biggest decrease of 2.6 percentage points has been noted in the group of „higher and high education“. The debt service share of the income for the entire indebted population amounts to 16%, and does not vary a lot per groups. The highest share has to be paid by the first quintile group, amounting to 24% in 2003 and it apparently decreased to 20% in 2006, but this cannot be confirmed statistically.

In the further work on the Project, positive experiences from extensive foreign literature will be studied, especially those related to the indebtedness prevention and proposals made for drawing up simple, easily understandable and accessible instructions for managing one's own finances and avoiding indebtedness.

4.4. Prepare a de-institutionalisation action plan

The groups of social services beneficiaries differ according to their needs. The de-institutionalisation plan covers children without adequate parental care, children and the youth with behaviour disorders, children and adults with disabilities and adults with mental disorders. The system of development of network of non-institutional services for elderly and infirm persons has been separated; the MoFWVIGS is primarily in charge of this system.

The proposal of de-institutionalisation action plan has been drawn up, but it has not yet been officially adopted by the MoHSW. In accordance with proposal of action plan, the process of de-institutionalisation would proceed in the following four stages.

The first stage is primarily directed to achieving two objectives: 1) assessment of individual requirements of beneficiaries in institutions and the preparations for leaving the institutions and 2) prevention of institutionalisation. It should be noted that a detailed analysis of the beneficiaries' individual needs has not been made so far, and there are no concrete numerical indicators of the number of beneficiaries who would leave individual institutions. The plans for the transformation of homes which the beneficiaries will leave have not been made either. It is envisaged that an assessment of a possible number of beneficiaries who will leave the institutions will be made during 2008 and 2009. Following the assessment, it will be possible to set concrete objectives regarding the de-institutionalisation of persons who currently stay in institutions. As regards the second objective of this stage, amendments to legislation have been adopted in the past and current year with the intention of stopping the influx of people into institutions. In this regard it should be pointed out that the Act on Foster Care has been adopted in 2007 (with the aim of strengthening this aspect of non-institutional care) as well as the Act on the Amendments to the Social Welfare Act, which introduced the right to the status of parents as care-givers, the right to expert assistance in the family, occasional stay and assistance in the inclusion of physically and mentally impaired children into the regular programs of schools and pre-school institutions.

The second stage would include activities such as: establishment of methodological centres and support services in local communities, provision of adequate housing capacities for persons who would leave the institutions and the institution leaving. This stage would last from 2010 to 2013.

In the third stage (from 2014 to 2018) de-institutionalisation would be carried out of the persons who can live in a local community and for whom alternative housing will be provided. Thus, the largest number of beneficiaries who, according to the assessments, can live out of institutions would leave the institutions at this stage.

During the final stage (2019) an assessment of the financial efficiency of the de-institutionalisation project would be made as well as the evaluation of quality of services in the new de-institutionalised system.

The key institution responsible for the implementation of action plan would be the MoHSW. In addition to the Ministry, units of local self-government and NGOs also have a very important role in the action plan implementation.

4.5. Review and scrutinize the future role of the minimum pension and the mode of its financing

In June 2008, social partners discussed the need for looking into sustainability of the current mode of financing of the minimum pension. They also discussed the possibility of linking the right to the guaranteed pension amount with the income and means test.

The questionable quality of the existing regulation of the minimum pension has been pointed out in the Strategy of the Pension System and Social Welfare System Development as part of the Development Strategy “Croatia in the 21st century”.²⁰ Namely, the redistribution which is realised through minimum pension exclusively burdens the insurants (i.e. contribution payers), rather than all tax payers. Such a mode of financing the minimum pension negatively impacts the work force costs. On the other hand, the amount of minimum pension was very high in relation to the amount of average pension for one year of pension service (around 97%), which causes the reduction of total contributions (a large number of insurants pays the lowest possible contribution because they know that their pension cannot be lower than the amount of minimum pension). The problem of the reduction of minimum pension for those who opted for early retirement has also been pointed out.

So far changes have been introduced into the manner of determining the amount of minimum early retirement old-age pension, which, until early 2008, could be permanently reduced by up to 20.4% of the amount. As a result of dissatisfaction of pensioners’ and pensioners’ associations and the discussions held, legal amendments have been adopted by which the amount of maximum reduction of the early retirement old-age pension has been reduced to 9%, as of early 2008.

A simulation of a different model of the minimum pension financing has still not been made; it has been planned for the forthcoming period. Proposals mainly refer to a model under which the minimum pensions would be partially or fully financed from the budget. In this manner, social costs of labour would be reduced and the element of solidarity would be retained in the pension system. Nevertheless, it should be pointed out that as a result of legal amendments adopted in 2007 (regulating pension supplements and increasing the amounts of early pensions) the trend of the growing number of new beneficiaries of minimum pensions has been stopped.

4.6. Monitoring the implementation of specific measures targeting the vulnerable groups (low-income persons, chronically ill); examine the financial difficulties that co-payments and health insurance premiums may present for vulnerable groups. Implementation of this measure is explained in Chapter 3.2.2.5.

²⁰ See: Mirovinski sustav i socijalna skrb (Hrvatska u 21. stoljeću) (2002). Zagreb: Ured za strategiju razvitka Republike Hrvatske. (Pension System and Social Welfare System (Croatia in 21st Century), 2002, Zagreb: Office for Strategy of Development of Croatia.

5. APPENDICES

5.1. Statistical appendix

Table 1. Basic demographic indicators in 2006 and 2007

	2006	2007
Population in mid-year (in 000)	4,440.0	4,436.0
Age groups (%)		
- 0-14	15.71	15.54
- 15-64	67.26	67.27
- 65+	17.03	17.19
Dependency ratio (65+/0-14), in %	108.34	110.63
Age dependency ratio (65+/15-64), in %	25.31	25.56
Total fertility rate	1.38	1.40
Average age of women at first childbirth	26.7	26.8
Newborns, per 1000 inhabitants	9.3	9.4
Newborns out of wedlock (%)	11.0	11.5
Natural population growth (per 1000)	-2.0	-2.4
Life expectancy		
- men	72.5	72.3
- women	79.3	79.2
- difference	6.8	6.9
Marriages, per 1000 inhabitants	5.0	5.2
Divorces, per 1000 marriages	210.5	206.8
Divorces per 1000 persons	1.0	1.1

Source: CBS

Table 2. International migration in Croatia (2007)

Immigration	14,622
Emigration	9,002
Migration balance	5,620

Source: CBS

Table 3. Basic health indicators

	HR 2006	HR 2007	EU 27 2006	EU 15 2006
Mortality rate	11.3	11.8	11.2	9.4
Mortality rate, per 1000 inhabitants, 65+	52.5	54.4		
Infant mortality rate	5.2	5.6	5.1	4.3
Perinatal mortality rate	5.3*	4.9*	6.0	6.1

Source: CBS, CIPH, Eurostat, HFA data base –WHO January 2008

* CIPH, according to international reporting criteria, for total borns above 1000 g birth weight

Table 4. Ten leading causes of death (2006)

	HR 2006
Ischemic heart disease	19.5
Cerebrovascular diseases	16.03
Heart failure	5.87
Malignant neoplasms of trachea and lung	5.39
Chronic liver diseases and cirrhosis	2.38
Malignant neoplasms of the colon	3.57
Diabetes mellitus	2.21
Atherosclerosis	1.79
Pneumonia	2.35
Bronchitis, emphysema and asthma	2.28

Source: CIPH

Table 5. Basic economic indicators in 2006, 2007 and first quarter of 2008 – growth rates (%)

	2006	2007	I-III 2008/ I-III 2007
Gross domestic product	4.8	5.6	4.3
Physical volume of industrial production	4.5	5.6	4.7
Physical volume of construction works	9.3	2.4	10.2
Real retail trade	2.1	5.3	2.8
Consumer prices ¹	3.2	2.9	4.0
Tourist overnight stays	3.1	5.7	21.3
Exports – total (HRK)	15.6	9.3	7.1
Import – total (HRK)	13.3	10.3	12.3
Real net wages	1.9	2.2	0.3
Total employment	3.3	3.3	4.4 ²
Total unemployment	-5.5	-9.3	-12.4 ³
Registered unemployment rate	16.6	14.8 ⁴	14.5 ⁵
LFS unemployment rate	11.1	9.6 ⁶	-

¹ Twelve-month average index indicating the change in prices in the last 12 months in comparison with the previous 12 months.

² Employed in legal entities.

³ At the end of March 2008 in comparison with March 2007.

⁴ At the end of 2007.

⁵ Status in March 2008.

⁶ Average quarterly rate.

Table 6. Average number of unemployed persons per gender in 2006 and 2007

	Total	Men	Women
2006	291,616	116,519	175,097
%	100.0	40.0	60.0
2007	264,448	102,482	161,966
%	100.0	38.8	61.2
Index 2007/2006	90.7	88.0	92.5

Table 7. Unemployed persons per length of unemployment (31 December 2006 and 2007, respectively)

Length of unemployment	2006.		2007.		Index 2007/2006
	Number	%	Number	%	
Up to 3 months	57,535	19.6	50,052	19.7	87.0
From 3 to 6 months	38,791	13.2	29,584	11.6	76.3
From 6 to 9 months	15,446	5.3	12,875	5.1	83.4
From 9 to 12 months	15,729	5.4	12,882	5.1	81.9
From 1 to 2 years	40,486	13.8	35,200	13.8	86.9
From 2 to 3 years	27,066	9.2	21,261	8.4	78.6
More than 3 years	98,100	33.5	92,630	36.4	94.4
TOTAL	293,153	100.0	254,484	100.0	86.8

Table 8. Unemployed persons according to length of unemployment and gender (31 December 2007)

Length of	Total	Men	%	Women	%
Up to 3 months	50,052	21,302	21.8	28,750	18.3
From 3 to 6 months	29,584	11,688	12.0	17,896	11.4

From 6 to 9 months	12,875	5,055	5.2	7,820	5.0
From 9 to 12 months	12,882	4,864	5.0	8,018	5.1
From 1 to 2 years	35,200	12,927	13.2	22,273	14.2
From 2 to 3 years	21,261	7,690	7.9	13,571	8.7
More than 3 years	92,630	34,250	35.0	58,380	37.3
TOTAL	254,484	97,776	100.0	156,708	100.0

Table 9. Structure of unemployed persons according to length of unemployment and education level (31 December 2007)

Length of unemployment	Total	No schooling and primary school leavers	Primary school	Sec. voc. educ. of up to 3 years and qualified and highly qualif. workers	Sec. vocat. 4-year education and general secondary education (gymn.)	Postsecondary education, first academic degree, associate degree	Schools of higher education, universities, academies of art, master's and doctoral studies
Up to 3 months	19.7	10.2	16.1	20.5	22.5	25.8	28.3
From 3 to 6 months	11.6	5.5	8.4	12.3	15.0	12.8	14.3
From 6 to 9 months	5.1	3.5	4.3	5.1	5.7	6.9	7.1
From 9 to 12 months	5.1	4.3	4.9	4.8	5.5	6.1	6.1
From 1 to 2 years of age	13.8	12.1	13.1	13.2	15.6	14.8	14.9
From 2 to 3 years of age	8.4	8.3	9.1	8.2	8.2	7.8	7.2
More than 3 years of age	36.4	56.1	44.1	36.0	27.6	25.7	22.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short-term unemployment	41.4	23.6	33.7	42.6	48.7	51.7	55.7
Long-term unemployment	58.6	76.4	66.3	57.4	51.3	48.3	44.3

Table 10. Costs of social protection (% GDP)

	1999	2000	2001	2002	2003	2004	2005	2006
Total costs	26.2	26.7	26.5	25.0	23.7	23.4	22.1	21.5
Health affairs and services	7.2	7.5	7.2	6.7	6.4	6.6	5.8	5.9
Social security affairs and services	16.3	16.5	16.9	16.0	13.9	13.6	13.2	12.7
Welfare affairs and services	2.1	2.1	2.0	1.8	2.7	2.6	2.7	2.4
Other expenditure on social security and welfare	0.5	0.5	0.4	0.5	0.6	0.6	0.4	0.5

Source: MF (Classification according to GFS Manual 1986).

Note: Data until 2004 include expenditure by consolidated central government and costs of non-consolidated local and territorial (regional) self-government. Data for 2005 and 2006 represent non-consolidated sum of costs of the state budget and local and territorial (regional) self-government without the administrative costs of social insurance funds (CIPI, CIHI, CES). Since 2002, data pertaining to local and regional self-government cover only the 53 largest units, which account for 70-80% of the total transactions of local and regional self-government

Table 11. Equivalent median household income per counties – expressed as purchasing power standard - PPS

County	Income in PPS
Bjelovar-Bilogora	267
Virovitica-Podravina	267
Požega-Slavonija	276
Vukovar-Srijem	310
Brod-Posavina	343
Koprivnica-Križevci	356
Osijek-Baranja	374
Lika-Senj	378
Zadar	380
Sisak-Moslavina	384
Karlovac	418
Varaždin	426
Dubrovnik-Neretva	456
Šibenik-Knin	470
Krapina-Zagorje	471
Split-Dalmatia	481
Međimurje	498
Zagreb	506
Primorje-Gorski Kotar	576
City of Zagreb	641
Istria	769
RC	470
EU25	911
EU15	991
EU10	443

Source: UNDP (2007) Quality of Life in Croatia: Regional Differences. Zagreb: UNDP.

Table 12. Poverty and inequality indicators (according to the Laeken methodology)

	RC 2001	RC 2002	RC 2003	RC 2004	RC 2005	RC 2006	EU25 2003	EU15 2003	EU10 2003
At-risk-of-poverty rate (%)	17.2	18.2	16.9	16.7	17.5	16.3	16	16	15
At-risk-of-poverty threshold for single household (illustrative values)									
- in HRK	17,966	19,254	18,896	20,714	21,238	22,196	-	-	-
- in EUR	...	...	2,442#	...	...	...	7,576	9,299	1,846
- in PPS	...	...	4,131#	...	...	...	7,603	8,923	3,211
At-risk-of-poverty threshold for household consisting of two adults and two children (illustrative values)									
- in HRK	37,728	40,433	39,681	43,499	44,599	46,611	-	-	-
- in EUR	...	...	5,128#	...	...	...	15,911	19,527	3,877
- in PPS	...	...	8,675#	...	...	...	15,966	18,738	6,742
At-risk-of-poverty rate before social transfers (pensions included in income) (%)	34.7	33.7	33.3	24.0 *	25.8 *	24.1	25	25	27
At-risk-of-poverty rate before social transfers (pensions excluded from income) (%)	42.9	40.0	42.3	41.4	43.2	41.8	40	39	44
Relative at-risk-of-poverty gap (%)	22.7	23.2	21.1	22.4	22.9	22.5	22**	22**	21**
Dispersion around the at									

risk-of-poverty threshold									
40%	5.8	6.3	5.2	5.2	5.4	5.1	5**	5**	4**
50%	10.5	11.7	10.2	10.5	10.7	10.4	9**	10**	8**
70%	24.1	26.0	24.6	24.3	25.5	24.2	24**	24**	22**
Quintile ratio (S80/S20)	4.3	4.5	4.4	4.5	4.5	4.2	4	4	5
Gini coefficient	0.28	0.29	0.29	0.29	0.29	0.28	0.29	0.29	0.29

Source: for Croatia: CBS, Household Budget Survey

For EU25, EU15 and EU10: Eurostat.

Source: Eurostat

* Corrected data

** Data refer to 2001.

Note: In the EU15 countries, income includes income in cash only, while in other countries (including Croatia) total income comprises both income in cash and income in kind. Income in kind is partly included in total income as it is considered to be an important component of total disposable income in these countries. Income in kind includes e.g. privately produced goods intended for personal consumption (food produced by the household itself) or free services as part of a professional activity.

Table 13. At-risk-of-poverty rates with breakdown by different features (Laeken methodology)

	2001	2002	2003	2004	2005	2006
At-risk-of-poverty rate	17.2	18.2	16.9	16.7	17.5	16.3
At-risk-of-poverty rate by age and gender						
M	15.4	17.7	15.8	15.1	15.9	15.1
F	18.7	18.6	17.9	18.1	18.9	17.4
0-15 yrs.	15.9	16.7	15.2	14.8	19.7	13.8
M	13.9	17.9	15.6	13.7	18.2	14.1
F	18.0	15.4	14.7	15.9	21.3	13.5
16-24 yrs.	15.2	16.4	15.4	13.1	15.3	11.9
M	16.9	19.0	16.2	13.5	15.9	12.6
F	13.6	13.5	14.6	12.7	14.7	11.1
25-49 yrs.	13.3	13.9	12.5	12.3	13.1	11.2
M	12.6	14.0	12.4	12.3	12.9	11.2
F	14.0	13.7	12.7	12.4	13.2	11.3
50-64 yrs.	14.7	17.6	15.5	15.0	15.6	14.7
M	13.8	16.9	15.4	14.8	15.0	13.6
F	15.5	18.3	15.5	15.1	16.1	15.6
65 and more	28.5	29.0	27.9	29.5	25.6	29.5
M	23.5	25.6	23.6	24.4	20.9	26.9
F	31.8	31.2	30.6	32.9	28.5	31.3
At-risk-of-poverty rate by most frequent activity status and gender						
Employed	5.2	5.8	5.2	4.4	3.9	2.8
M	6.0	6.6	6.0	4.5	5.0	(3.3)
F	4.1	4.9	(4.3)	(4.3)	(2.7)	(2.1)
Self-employed	20.1	19.0	18.4	22.6	19.7*	18.5
M	20.0	17.3	16.8	21.7	20.3	18.6
F	20.2	21.0	20.1	23.8	19.1*	18.4
Unemployed	32.2	35.0	32.4	32.0	33.4	31.2
M	35.6	42.5	39.7	39.4	36.9	34.6
F	29.6	28.1	26.6	25.7	30.0	28.5
Pensioners	21.3	23.2	20.7	20.5	19.3	22.7
M	19.4	23.7	20.3	20.5	19.1	23.6
F	22.9	22.9	21.0	20.5	19.5	22.1
Other economically inactive	20.0	21.3	20.3	19.7	23.7	24.9
M	15.8	19.5	17.7	14.8	19.2	20.1
F	22.7	22.7	22.0	23.0	26.8	27.3
At-risk-of-poverty rate by household type and age						
Single household	33.3	35.1	34.7	35.9	31.1	38.1
M	22.4	28.6	28.3	27.6	(22.1)	34.0
F	36.7	37.5	37.3	40.5	34.2	39.8
Person between 30 and 64	26.1	26.2	(24.7)	28.1	25.7	29.0
Person aged 65 and more	40.4	41.2	41.8	41.9	35.2	43.8

Two adults with no dependent children, both aged under 65	11.9	16.3	11.8	14.4	12.3	13.6
Two adults with no dependent children, at least one 65+	27.5	30.1	26.1	28.7	25.6	29.0
Other households with no dependent children	9.7	9.4	9.3	9.0	7.7	10.6
Single parent with one or more dependent children	28.9	27.7	29.1)	21.0	34.8	32.9
Two adults with one child	13.0	11.2	14.9	9.8	12.8	11.7
Two adults with two children	14.9	12.8	13.7	10.5	13.1	8.2
Two adults with three and more children	15.9	24.9	19.1	24.2	31.0	24.5
Other households with dependent children	16.8	15.0	13.0	13.1	13.4	8.0
At-risk-of-poverty rate by tenure status						
Tenant or subtenant (arranged, preferential or full rent)	20.7	18.9	20.2	10.5)	21.6	19.3
Owner or free housing	17.0	18.1	16.8	17.0	17.3	16.2

Source: CBS, Household Budget Survey

Note: Poverty indicators for the Republic of Croatia were calculated from the data on the total net income collected by statistical research Household Budget Survey (HBS). The survey was carried out on a sample of randomly selected private households, so that the sample for each year was defined separately, i.e. there is no panel sample (households are not repeated in the following year). Net household income, in addition to cash, also includes income in kind.

Poverty indicators, until the introduction of the SILC research (*Statistics of Income and Living Conditions*) into Croatia statistical system, will be calculated from the data collected by HBS. Since the data for the EU countries are calculated from the data of *SILC* which is methodologically different from HBS, this should be taken into account in comparing the data for RC and EU countries.

() Insufficiently reliable data

* Corrected data

Table 14. Beneficiaries of permanent social assistance (%)

	2004	2005	2006
By gender			
M	49.4	49.6	49.4
F	50.6	50.4	50.6
By age			
Up to 7 y.	13.5	12.7	12.4
7-15	15.9	15.8	16.2
15-18	6.1	6.0	5.9
18-30	9.7	10.8	10.6
30-40	12.5	13.5	13.0
40-50	14.0	15.2	14.9
50-60	10.0	10.0	11.1
60-75	14.7	11.8	11.8
75 and more	4.6	4.2	4.1
By employment status			
Employed	0.7	0.6	0.6
Self-employed	1.2	1.0	0.9
Pensioner	2.0	1.6	1.5
Unemployed	45.3	46.1	45.6
Adult with disability	14.7	14.8	15.6
Children and youth within regular education	30.3	31.2	31.7
Others	5.8	4.6	4.1
By duration of receiving social assistance			
Up to 6 m.	8.8	8.4	8.4
6 m. – 1 y.	13.4	12.4	11.1
1-2 y.	19.5	18.9	18.2
2-5 y.	24.3	29.7	29.4
5-10 y.	29.6	23.0	24.6
10 and more	4.4	7.6	8.4
By education of applicant *			
No education or incomplete primary school education	43.2	39.9	40.1
Completed primary school	30.2	32.0	32.2
Secondary school	24.8	26.4	26.0
Post-secondary school	1.8	1.7	1.6
By household type			
Single	48.2	48.3	49.1
Single parent	6.8	6.7	6.4
Parents (adults) with children	30.5	31.9	31.1
Families without children	14.5	13.1	13.4
Singles and families with no income sources			
	94.0	93.7	91.9

Source: MoHSW

* “Benefit applicant” is the person who applied for the benefit on behalf of him/herself and the family while the term “beneficiaries” refers to the applicant and all the members of the family making use of the benefit received.

5.2. Good practice examples

5.2.1. Programme of Intergeneration Solidarity: “In-Home Assistance and Care for Elderly”

Name of measure		Country
Programme of Intergeneration Solidarity: “In-Home Assistance and Care for Elderly”		Croatia
End Purpose of the Measure		
The purpose is wider coverage of elderly in non-institutional forms of care through organizing and providing necessary services in their households.		
Main Results in summary		
Main impact: improved standards of living among the elderly.		
Targeted Beneficiaries		Policy Focus
General Population	<input type="checkbox"/>	Social Exclusion
Children	<input type="checkbox"/>	Healthcare
Single-parent Families	<input type="checkbox"/>	Long-term care
Unemployed	<input type="checkbox"/>	Governance
Older People	<input checked="" type="checkbox"/>	
Youth	<input type="checkbox"/>	Geographical Scope
People with Disabilities	<input type="checkbox"/>	National
Immigrants/ Refugees	<input type="checkbox"/>	Regional
Ethnic minorities	<input type="checkbox"/>	
Homeless	<input type="checkbox"/>	Implementing Body
Specific Illness/disease	<input type="checkbox"/>	Ministry of the Family, War Veterans and Intergenerational Solidarity in cooperation with local or regional self-government units
Other [Please specify:]	<input type="checkbox"/>	
Context/Background to the Initiative		
<p>The demographic changes, together with the increase of the share of the elderly population, the need of strengthening the issue of elderly, improving their standards of living, protection and promotion of human rights with respect to problems connected with the age, the desire of the elderly to remain as long as possible in their own household – is the background and the basic reasons of the programme.</p> <p>The Programme of Intergeneration Solidarity „In-Home Assistance for Elderly” is implemented in line with:</p> <ul style="list-style-type: none"> - Programme of the Government of the Republic of Croatia for Development of services for elderly in the system of intergenerational solidarity from 2008 -2011, adopted at the session of 		

the Government of the Republic of Croatia on August 23, 2007.

- National Programme on Protection and Promotion of Human Rights from 2008-2011, adopted at the session of the Government of the Republic of Croatia on November 2, 2007.

Details of the Initiative

1. What is/was the timescale for implementing the initiative?

Pursuant to the Programme of the Government of the Republic of Croatia the Programme is implemented in the period from January 1, 2008 to December 31, 2011.

In the period from March 24, 2004 to January 1, 2008 the pilot programme of the MoFWVIGS “In-Home Assistance for Elderly” was implemented.

2. Specific objectives

The specific objectives are the following:

- development of services for elderly,
- promotion of volunteering,
- employment promotion, in particularly employment of groups with lower employability prospects through involvement in professional teams for providing the services under the programme,
- combating social exclusion of elderly,
- public sensibilisation on the needs of elderly and mutual assistance,
- strengthening of cooperation between the ministry, as the central government body and the local or regional self-government, health care, social and other services in the community and NGOs

3. How did the initiative address these objectives?

The aspect of implementation is regulated by each particular Cooperation Agreement under the programme implementation, to be concluded between the Ministry and the local or regional self-government units on the area planned for programme implementation.

Monitoring and Evaluation

How is/was the measure monitored/evaluated?

The programme implementation is followed up by field investigation, through regular periodical and final annual reports of local or regional self-government units – signatories of the Cooperation Agreement, with the Ministry under the programme implementation “In-Home Assistance for Elderly”.

The integral parts of the agreement are the report forms and the questionnaire on the quality of provided services, to be completed by the programme beneficiaries, i.e. elderly, involved in programme implementation.

In 2007 the overall number of 3,940 beneficiaries of the Programme “In-Home Assistance” and 1,344 beneficiaries of the Programme “Day Programme and In-Home Assistance” provided responses to the questionnaire with respect to direct impact of the programmes on improving of their standards of living. According to

	outcomes, out of the overall number of 5,284 respondents, 97% assessed the programmes as enhancing completely the standards of living and 3% assessed the programmes as enhancing partially their standards of living.
Outcomes	
1.	To what extent have the specific objectives been met?
	<p>According to the latest indicators of the MoFWVIGS from June 2008 the programme “In-Home Assistance for Elderly” is implemented in the territory of all counties in Croatia. The overall number of 25 cooperation agreements has been concluded, comprising 22 municipalities or towns and 3 counties. The Programme “In-Home Assistance” comprised 4,975 beneficiaries and employed 306 persons in providing in-home services to elderly.</p> <p>In-home assistance services for elderly are provided under the programme – Day Programme and In-Home Assistance for Elderly”. That is, pursuant to this programme, each organized <i>day programme</i> for elderly is assisted by the professional team for providing in-home assistance.</p> <p>Taking in account the fact that the in-home assistance services are provided under the programme implementation “In-Home Assistance for Elderly” and Programme “Day Programme and In-Home Assistance for Elderly”, it can be concluded that in the period from March 2004, as the time of commencement of the pilot project, by June 2008, the overall number of 48 Cooperation Agreements have been concluded, based on which the in-home assistance for elderly are provided in their households; correspondingly, the overall number of 10,000 beneficiaries has been covered (elderly) and some 630 persons have been employed as service providers.</p> <p>One of the goals of the Programme of the Government of the Republic of Croatia is the annual increase of the share of beneficiaries by 12%.</p>
2.	What obstacles/risks were faced in implementing the initiative?
	The main risks refer to financial funds, which are not sufficient for balanced implementation in the overall territory of the Republic of Croatia, covering all elderly in a particular unit.
3.	How were these obstacles and risks addressed?
	Involvement and cooperation in program implementation is pursued in line with the funds provided for this purpose in the State Budget in a particular year as allocation of the Ministry of the Family, War Veterans and Intergenerational Solidarity. The involvement of cooperating local or regional self-government units in co-financing of the programme implementation or financing of particular activities was recorded as well. Involvement of volunteers and NGOs in providing services to elderly community members is encouraged.
4.	Were there any unexpected benefits or weaknesses?
	The programme starts from equal positions, which are further developed according to specific features of particular implementation area. The specific features are taken in account in programme implementation. They reflect various living conditions of the beneficiaries, i.e. elderly. As for instance, the specific features

	related to programme implementation on islands or highland areas or in urban areas. The implementation is not identical – the specific areas may sometimes have direct impact on providing services to beneficiaries. For example, providing of the services to the beneficiaries located on (Šibenik) islands, requires favourable sailing conditions from the services providing centre, in this case from Šibenik.
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5.2.2. Involving disabled persons in activities of local community

Name of the Measure		Country	
Involvement of disabled persons in activities of local community		Croatia	
End Purpose of the Measure			
Final goal: reducing the number of institutionalized persons and development of professional support services in the community Short-term goal: preparing and involvement of disabled persons for independent life outside the institution			
Main Results in summary			
From the viewpoint of the Inclusion Promotion Association, as provider of the services the outcome can be considered as involvement of 144 persons with intellectual impairments in local community, with support of the Association. The said persons were mostly accommodated in social welfare homes. At the same time the Association was engaged in return of the beneficiaries in biological families and a certain number of persons with intellectual impairments returned in their biological families.			
Targeted Beneficiaries		Policy Focus	
General Population	<input type="checkbox"/>	Social Exclusion	<input checked="" type="checkbox"/>
Children	<input type="checkbox"/>	Healthcare	<input type="checkbox"/>
Single-parent Families	<input type="checkbox"/>	Long-term Care	<input type="checkbox"/>
Unemployed	<input type="checkbox"/>	Governance	<input type="checkbox"/>
Older People	<input type="checkbox"/>	Geographical Scope	
Youth	<input type="checkbox"/>	National	<input checked="" type="checkbox"/>
People with Disabilities	<input checked="" type="checkbox"/>	Regional	<input type="checkbox"/>
Immigrants/ Refugees	<input type="checkbox"/>	Implementing Body	
Ethnic minorities	<input type="checkbox"/>	Inclusion Promotion Association, Centre for social welfare, Ministry of Health and Social Welfare	
Homeless	<input type="checkbox"/>		
Specific Illness/disease	<input type="checkbox"/>		
Other [Please specify:]	<input type="checkbox"/>		
Context/Background to the Initiative			

The Inclusion Promotion Association was established in 1997 with the goal of development of professional support services in the local community. One of the activities for achieving the goal is de-institutionalization of persons with intellectual impairments by their relocation from social welfare homes in the local community. Since 2000 the programme of supported housing is implemented through the so called homes for independent housing, providing the service of accommodation in an apartment designed for a smaller group of beneficiaries (1-5 persons) and since 2003 this service is implemented as organized housing as well. The Association is involved in the financing system provided by the competent ministry since 2000. The Association's supported housing programme is provided on four locations (Zagreb, Osijek, Bjelovar, and Slavonski Brod) through the regular financing system and from the end of 2007 the programme is implemented in the area of Grubišno Polje through the Innovation and Learning Programme.

Apart of it the Association has organized housing for four (4) children with multiple impairments in Zagreb, which is implemented since 2003.

The overall number of 144 persons with intellectual impairments are involved in the supported housing programmes (in 3 homes for individual housing and 1 children housing community)

The pace of de-institutionalization process, in spite of the commitment pursuant to JIM, is considerably slow, since the Association has signed the last agreement for increasing the number of beneficiaries in community programmes in September 2006 and has fulfilled its contractual capacities not later than in June 2007. Since then any further involvement of a new beneficiary in the programme is carried out pursuant to special approval of the competent Ministry.

Details of the Initiative

1. What is/was the timescale for implementing the initiative?

The Association implements its programme since end of 1997 by now.

2. Specific Objectives

The specific objectives are the following:

- preparing of beneficiaries for life outside institution – assessment of necessary support in various segments of life;
- providing professional support to the beneficiary – development of personally designed plans, involvement in the program of self-defining and self-representing;
- job seeking – employment in open labour market.

3. How did the initiative address these objectives?

De-institutionalization does not imply only the mere relocation of the person from one type of service into the other, but his/her active role in social community. The activity of the Association in providing the said service is focused on meeting the needs of the individuals, who are active participants in creating, choice and implementation of the provided service. The achievement of goals was implemented by education of personnel, finding the appropriate living (housing) area, cooperation with the local community and other entities significant for involvement of persons with disabilities in local community, as well as the competent ministry.

Monitoring and Evaluation

	How is/was the measure monitored/evaluated?
	<p>The Faculty of Special Education and Rehabilitation of the University of Zagreb has under the scientific project carried out the quality evaluation of services for supported housing programme.</p> <p>The external evaluation of activities of service provider was carried out by the Inspection Control Department of the Social Welfare Directorate in the Ministry of Health and Social Welfare</p> <p>The evaluation mostly implies meeting the formal legal and technical requirements for providing of a particular service: follow up of accomplishing of goals, personal directing of the plan through the follow up lists, to be completed by activities implementation coordinators in cooperation with persons with disabilities.</p>
Outcomes	
1.	To what extent have the specific objectives been met?
	<p>Considering the quality of services and involvement of persons with intellectual impairments in local community activities, we can confirm that the goals have been accomplished to the fullest extent. The persons live in apartments like the other citizens, are involved in work activities on open market, involved in free time activities in the community, exercise their right to private family life (contracting of marriages) and actively participate in decision making process referring to their life (self-organization in achieving their rights)</p>
2.	What obstacles/risks were faced in implementing the initiative?
	<p>The obstacles in programme development are evident in current services centralization, in particularly in fiscal centralization. The development of the programme depends on the financial support of the competent ministry, since the local communities can not meet all the needs of their citizens due to the lack of the funds.</p> <p>Apart of it, the obstacle presents insufficient understanding of the term of social inclusion with respect to persons with disabilities, primarily at the level of decision makers. The quality of social inclusion depends on financial support of decision maker as well.</p> <p>To summarize, the providers of services in community have insufficient support; the support is mostly focused on providers of services in social welfare homes.</p>
3.	How were these obstacles and risks addressed?
	<p>The efforts were made to eliminate the described obstacles in programme development in direct contact with the competent ministry, by repeated requests for programme development and increasing the price of services. The cooperation was established with local and regional self-government units; donations have been actively collected for the purpose of providing higher standards of living of the beneficiaries, compared with the standards provided at the contracted price of the services.</p>
4.	Were there any unexpected benefits or weaknesses?
	<p>As an unexpected positive impact should be considered the high level of acceptance of persons with intellectual impairments in local community and the neighbourhood. No significant issues with respect to landlords (owners of apartments) were recorded. High level of cooperation was achieved with the local companies, providing thus for work activities for persons with intellectual impairments on the open labour market (enclave model). In the previous ten years</p>

	<p>positive trends were recorded in attitudes of parents and professionals with respect to community support services. This is, on the one hand, evident from the increase of the number of beneficiaries coming from families, and on the other hand, from the initiatives of the non-government and government sector for providing residence services with community support (Lastavice Association - Split, associations for support to persons with mental retardation - Čakovec, Varaždin, Autism Association of the City of Zagreb, Mir Rehabilitation Centre – Split, Zagreb Rehabilitation Centre...) These initiatives, although of limited scope, indicate a specific trend.</p>
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