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**CROATIAN
ANTIPOVERTY
NETWORK**

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POVERTY WATCH

CROATIA 2022

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Introduction

The Croatian Anti Poverty Network (CAPN - HMPS), as a civil society organisation, was founded in March 2014, and in June 2014 became a member of the European Anti-Poverty Network (EAPN). The founders of the CAPN were organisations such as the Association for Initiatives in Social Policy, the Red Cross of the City of Zagreb, the Croatian Network for the Homeless and NGO Pragma, and later it was joined by Caritas of the Zagreb Archdiocese, Caritas of the Dubrovnik Diocese, Independent Croatian Trade Unions and other associations and individuals.

The goal of CAPN activities is to raise public awareness of the need to reduce and finally abolish poverty in Croatia and Europe, to empower civil society organisations in the realization of social rights, and to jointly participate in the creation of public policies at the local, national and EU level. CAPN advocates for the strengthening of social dialogue with stakeholders in the public sector and civil society sector and directs special attention to strengthening the participative role of people with the experience of poverty in all areas of social life.

Despite constant reform attempts (the latest of which has been in effect since February 2022 with the adoption of the Social Welfare Act (Official Gazette 18/22, 46/22) and the adoption of the new Strategy for the Fight against Poverty in December 2021), no complete reforms have been implemented in the social welfare system, nor have there been any structural reforms of the system. The system is characterized by a permanently inappropriate, dysfunctional model of financial transfers (remunerations) which, unlike most EU member states, are not linked to a specific census, poverty line or basket of needs, average salary, minimum salary, median salary, etc., but are determined by the decision of the Government of the Republic of Croatia.

"Poverty needs to be measured for many and different reasons. First, measuring poverty enables predictions in relation to the size/importance of the problem, and raises the visibility of the phenomenon, thus putting poor people in the political focus. Second, poverty measurement is necessary to identify the poor population and its concentration in certain areas, after which appropriate policies and interventions can be determined" (UN manual).

The goal of Poverty Watch 2022

The Poverty Watch 2022 created by CAPN aims to raise public awareness of the priorities that characterize poverty in Croatia, primarily through the perspective of people with experience of poverty in Croatia. With an overview of the basic indicators and trends that characterize poverty in the Republic of Croatia, after two years of experience with the COVID-19 pandemic, which limited social and health services and made them partially unavailable, and after the earthquakes that changed the physical infrastructure and significantly affected the physical and mental health of the population in Zagreb, Sisak and Petrinja, and especially vulnerable social groups, new users and needs for new services were cumulatively generated in the affected areas.

2. Indicators on poverty trends

According to the data of the National Bureau of Statistics (Croatian: *Državni zavod za statistiku*, DZS), the risk of poverty rate in Croatia, after two years of continuous decrease (when the rate was 18.3%), increased in 2021 and amounted to 19.2%, while there are 20.09% of the total population at risk of poverty or social exclusion. The risk of poverty rate by age and gender in 2021 was the highest among persons aged 65 or older and amounted to 32.4%, while the risk of poverty rate was the highest for unemployed persons and amounted to 46.6% (DZS, 2021). Eurostat data on per capita consumption in 2020 show that Croatia is the second poorest country in Europe (13,100 EUR in 2020, Eurostat), right after Bulgaria (11,900 EUR in 2020, Eurostat). Social benefit (guaranteed minimum income) was received by 62,301 people in 2019, and 50,151 people in 2021, of which 28,318 are household members and 21,833 are single. There are 11,110 children among the recipients of minimum income.

According to the analyzes of the CAPN, the increase of the guaranteed minimum allowance by HRK 200, from HRK 800 to HRK 1,000, does not provide a framework that would more efficiently cover basic living expenses, especially if the poverty line for a single person in Croatia is HRK 3,039 per month (HRK 36,461 annually). It is clear that even after the increase, guaranteed income allowance recipients will remain at high risk of poverty. A large number of European countries provide social assistance to their citizens in the amount of 50 to 80% of the poverty line, and the recommendation of the European Parliament from 2010 is that the basic allowance for the poor should be equal to the poverty line. After increasing the guaranteed minimum allowance in Croatia to HRK 1,000, the national benefit for the poorest will reach only 37% of the poverty line. It is certain that the amount is not even enough to cover the minimum food costs of poor citizens. CAPN advocates for the establishment of dignified social benefits and a minimum income system in Croatia. In addition to all of the above, the fact is that the number of recipients of the guaranteed minimum allowance has decreased significantly in recent years, and the annual cost of the state budget for this item has fallen from around HRK 700 million per year in 2014 to HRK 440 million, which was planned for 2021.

The COVID-19 pandemic, which was declared in Croatia on March 11, 2020, had a major impact on the slowdown in the growth of the Croatian economy. By September 2022, 16,881 people have died as a result of the coronavirus in Croatia. According to the data from the National Bureau of Statistics, the real GDP growth rate in the second quarter of 2022 was 7.7%. In addition to the coronavirus pandemic, Croatia, Zagreb and the wider area, the Sisak-Moslavina County, were also hit by strong earthquakes with significant material consequences, which, according to the estimates of the Government of the Republic of Croatia, amount to around HRK 86 billion (11.47 billion EUR). Civil society organisations played a key role in the provision of social services in Croatia during the pandemic and earthquake, although they themselves faced multiple problems such as a reduction in financial resources due to delays and cancellations of funding by contractual bodies (public and private sector), layoffs, change in the way of providing services and the way of working. The sustainability of civil society in 2020 and 2021 is impaired in almost all areas taking into

account the available resources for work and involvement in social changes. Civil society organisations not only covered uncovered areas of need for social services, but in many situations were the main bearers of organized care for meeting the existential needs of the vulnerable population, especially after the earthquake in Banovina.

The homeless problem in Croatia has become a visible social problem in recent years. According to the current Social Welfare Act: "A homeless person is a person who does not have a place to live, nor the means to meet the need for housing, and is temporarily housed in a shelter or resides in public or other places that are not intended for housing". There are 123 homeless people staying in temporary accommodation in shelters (Ministry of Labour, Pension System, Family and Social Policy, 2021). Civil society organisations estimate that there are 2,000 homeless people in Croatia, of which 25% are women (Croatian Homeless Network, 2021), and it includes people who live in inadequate living conditions such as boats, caravans, shelters without electricity and water, in basement apartments, barracks, garages and similar abandoned buildings. According to the Social Welfare Act, "Large cities and county seat cities are obliged to provide funds in their budgets for food service in soup kitchens, as well as for the provision of accommodation services in shelters for the homeless". Despite the legal provision, a large number of cities in Croatia still do not have established care programmes for the homeless. Cities as units of local self-government often ignore their legal obligation to financially support shelters. The need to harmonise standards across cities was emphasized, given that cities in Croatia currently help and finance the work of shelters to varying extents, as well as harmonise the number of professionals working with the homeless.

Public policies – the Republic of Croatia and the European Union

At its session on December 23, 2021, the Government of the Republic of Croatia adopted the Decision on the Adoption of the National Plan to Fight Poverty and Social Exclusion for the period from 2021 to 2027. The document was prepared by the Working Group of the Ministry of Labour, Pension System, Family and Social Policy, which consisted of 10 state administration bodies, 1 public administration body, 1 civil society organisation and 2 social partners, and the CAPN did not participate. The analysis of the situation by programme areas gives emphasis to social care, where data are presented on the number of recipients of the guaranteed minimum allowance and investments in veterans' centers and volunteering, followed by the state of the health care system (with an emphasis on insured persons who exercise the right to have the premium of supplementary health insurance paid from the State Budget according to the income census, while the data on investment in preventive programmes for target groups, etc., are omitted); upbringing and education (with an emphasis on inclusive upbringing and education, while the data on scholarships and textbooks financed from the state budget, transportation or financing of civil society organisations are omitted); pension system, housing (with an emphasis on the activities of the Central State Office for Reconstruction and Housing), regional development, and ends with the shortest text on the development of civil society and information on the number of organisations and their significance.

Development needs and development potentials by programme areas indicate the inadequacy of social benefits, as well as the unevenness and inadequacy of the offer of social services, programmes and projects. Two facts are of importance here: the amount of the threshold by which the guaranteed minimum allowance is determined will change on an annual basis and

that indexation will be introduced, which is particularly important in the current context of rising inflation. As the main development challenge for civil society, it is highlighted that "they often lack additional knowledge and skills that would enable them to operate unhindered and to collect funds for further operation and development", which is not supported by any relevant research. In addition to the main programme areas, the authors add the importance of culture and sports, the digitalisation of social benefits in the social protection system, and the creation of a "model of comprehensive diagnosis of poverty and social exclusion". That model actually talks about the establishment of a data infrastructure that would develop a unique methodology with the aim of connecting different databases of public bodies, including data on the spatial distribution of poverty.

By adopting this National Plan, the Government of the Republic of Croatia fulfills its obligation to systematically monitor the phenomenon of poverty and make decisions based on strategic national documents. Such an important document should be further strengthened with scientific evidence of already implemented measures in the area of poverty reduction (by presenting "lessons learned"), with a detailed scientific analysis of the collected statistical indicators that often remain at the level of information in the text, and strengthened with a clear theoretical framework that would underline certain practical measures. Empowerment can also be achieved through the inclusiveness of persons and institutions in the creation of the Plan itself, as well as the acceptance of the fact that to reduce poverty, changes are necessary in a number of other systems, primarily in education, which can contribute to creating equal opportunities and increasing social mobility. This would also achieve the indirect purpose of this Plan, obtaining wider social legitimacy and a sense of ownership over the Plan, which is necessary for the continuation of reforms.

The implementation of the European Semester in the Republic of Croatia has an extremely positive impact on development processes and public incentives in the Republic of Croatia in most areas of economic and social life. However, the field of social protection did not react sufficiently to the constructive proposals that the European Commission made through the Specific Country Recommendations related to the National Progress Report. The Commission's remarks largely coincided with the remarks of the Croatian Network Against Poverty in the mentioned period. The Recovery and Resilience Facility Programme for 2021 did not include civil society organisations in the process of planning and final definition of the Programme. The action plan as the operationalization of the Programme included solutions that were proposed in parallel in the new Social Welfare Act.

Activities of CAPN

CAPN is successful in effective and frequent communication with the media - printed and electronic, related to issues of poverty and social exclusion in the Republic of Croatia and Europe. The visibility of the problem of poverty is systematically improved through communication with the media, communication that also includes educating journalists about poverty problems. The "Lighthouse" award largely contributes to the visibility of CAPN efforts in line with the aforementioned, a project activity implemented with the support of the Erste Foundation, in partnership with the Austrian, Serbian, Hungarian, Romanian and North Macedonian Anti-poverty Networks. The goal of the project results in an added value based on the authenticity in the judgment of the selection of contributions and the selection of the journalist of the year, given that the evaluation jury consists of people with direct experience

of poverty. The multi-year implementation of the project indicates the increased interest of journalists in the recognition of CAPN, and the contributions are becoming of higher quality, both thematically and in the approach to the phenomenon of poverty in society.

Main messages of people with experience of poverty

People with the experience of poverty were presented with topics and a framework for discussion for the creation of the Social Picture for 2022. As they point out, "we deal with our problems and shortcomings that we have as social cases and do not think about the war in Ukraine as something that directly affects poverty". One participant points out that: "You are born poor and you remain poor", regardless of the war situation in the environment. People with the experience of poverty are outraged because they have to work "*in the black market*" in order to be able to receive some social minimum allowances (otherwise they lose the right to social benefits). They also point out problems in accessing social rights, such as long waits for cash payments, unclear procedures and restrictions related to the possibility of employment.

Attachment - data on poverty in Croatia, State Bureau of Statistics 2022

INDICATORS OF POVERTY AND SOCIAL EXCLUSION

	2016.	2017.	2018.	2019.	2020.	2021.
<i>At-risk-of-poverty rate, %</i>	19,5	20,0	19,3	18,3	18,3	19,2
<i>At-risk-of-poverty threshold, kunas</i>						
<i>One-person household</i>	26.156	28.070	29.820	32.520	35.124	36.461
<i>Household consisting of two adults and two children</i>	54.928	58.946	62.622	68.292	73.761	76.568
<i>People at risk of poverty or social exclusion, %</i>	27,9	26,4	24,8	23,3	23,2	20,9
<i>People severely materially deprived (4 or more items), %</i>	12,5	10,3	8,6	7,3	6,9	-
<i>People severely materially and socially deprived (7 or more items), %</i>	-	-	-	-	-	3,5 ³⁾
<i>People living in households with very low work intensity, %</i>	13,0	12,2	11,2	9,2	8,6	7,5
<i>Inequality of income distribution – quintile share ratio (S80/S20)</i>	5,0	5,0	5,0	4,8	4,6	4,8
<i>Gini coefficient</i>	29,8	29,9	29,7	29,2	28,3	29,2

AT-RISK-OF-POVERTY RATE, BY AGE AND SEX

	2016. ²⁾	2017.	2018.	2019.	2020.	2021.
<i>Age groups</i>						
<i>Total</i>	19,5	20,0	19,3	18,3	18,3	19,2
<i>Men</i>	18,6	18,9	18,1	17,2	17,0	17,2
<i>Women</i>	20,4	20,9	20,4	19,3	19,6	21,1
<i>0 – 17 years</i>						
<i>Total</i>	20,4	21,4	19,7	17,1	16,8	17,1
<i>Men</i>	19,1	21,6	19,9	17,6	17,3	15,8
<i>Women</i>	21,7	21,2	19,4	16,7	16,3	18,5
<i>6 – 11 years</i>						
<i>Total</i>	21,6	21,9	19,5	17,4	15,5	17,3

<i>Men</i>	19,7	23,1	20,1	17,9	17,9	16,3
<i>Women</i>	23,6	20,6	18,9	16,8	13,1	18,2
<i>12 – 17 years</i>						
<i>Total</i>	23,0	23,4	22,7	20,0	20,4	20,7
<i>Men</i>	23,4	24,5	21,7	20,6	21,0	18,0
<i>Women</i>	22,6	22,2	23,7	19,2	19,8	23,7
<i>18 – 24 years</i>						
<i>Total</i>	19,9	17,8	16,7	14,3	12,5	15,0
<i>Men</i>	19,3	16,7	16,7	14,6	12,0	13,6
<i>Women</i>	20,7	19,0	16,7	14,0	12,9	16,5
<i>25 – 54 years</i>						
<i>Total</i>	15,8	15,6	14,3	12,9	12,6	13,1
<i>Men</i>	16,7	16,3	14,6	13,6	13,3	13,9
<i>Women</i>	14,8	14,9	14,0	12,1	11,9	12,3
<i>55 – 64 years</i>						
<i>Total</i>	19,9	20,0	21,9	20,3	20,9	21,7
<i>Men</i>	19,4	18,6	20,4	19,2	19,2	19,9
<i>Women</i>	20,3	21,4	23,3	21,4	22,4	23,4
<i>65 years or over</i>						
<i>Total</i>	26,5	28,6	28,1	30,1	31,0	32,4
<i>Men</i>	21,9	24,1	23,5	24,9	25,8	25,9
<i>Women</i>	29,5	31,7	31,3	33,6	34,6	37,0

AT-RISK-OF-POVERTY RATE, BY MOST FREQUENT ACTIVITY STATUS AND SEX

	2016.			2017.		
	<i>Total</i>	<i>Men</i>	<i>Women</i>	<i>Total</i>	<i>Men</i>	<i>Women</i>
<i>Activity status</i>						
<i>At work</i>	5,6	6,7	4,2	5,8	6,9	4,6
<i>Employees</i>	4,9	5,8	3,8	4,8	5,6	3,9

<i>Self-employed</i>	12,0	12,7	10,5	15,6	15,7	15,4
<i>Not at work</i>	29,3	29,0	29,5	30,5	29,7	31,0
<i>Unemployed</i>	43,6	50,2	36,9	45,6	51,8	39,6
<i>Retired</i>	21,8	19,2	23,9	24,5	21,9	26,7
<i>Other inactive</i>	32,3	26,6	34,7	30,5	23,5	33,2

AT-RISK-OF-POVERTY RATE, BY AGE AND SEX

	2016.	2017.	2018.	2019.	2020.	2021.
<i>Households without dependent children</i>	21,4	22,1	21,7	21,8	22,4	23,8
<i>One-person household</i>	39,9	44,7	44,4	44,7	45,1	47,4
<i>Men</i>	33,3	39,5	36,5	37,6	35,6	35,0
<i>Women</i>	43,7	47,6	48,9	48,7	50,4	54,3
<i>One-person household, person under 65 years</i>	36,4	39,6	38,4	35,4	33,6	33,9
<i>One-person household, 65 years or over</i>	42,1	47,8	48,1	50,3	52,1	55,3
<i>Two adults</i>	20,2	22,7	21,6	23,2	24,2	25,2
<i>Two adults, both under 65 years</i>	18,6	19,8	18,5	17,3	17,4	18,8
<i>Two adults, at least one adult 65 years or over</i>	21,2	24,6	23,5	26,9	28,2	29,0
<i>Two or more adults</i>	17,0	16,9	16,5	16,6	17,2	18,1
<i>Three or more adults</i>	14,3	11,9	12,1	10,6	10,9	11,5
<i>Households with dependent children</i>	17,9	18,1	17,0	15,0	14,6	15,1
<i>Single parent with one or more dependent children</i>	34,0	37,2	36,7	33,8	30,5	37,5
<i>Two adults with one dependent child</i>	16,5	15,7	12,5	10,4	11,1	10,4
<i>Two adults with two dependent children</i>	11,0	10,7	9,5	8,9	9,3	10,1
<i>Two adults with three or more dependent children</i>	31,7	31,3	31,1	25,6	23,1	22,8
<i>Two or more adults with dependent children</i>	17,4	17,3	16,4	14,3	14,0	14,2
<i>Three or more adults with dependent children</i>	16,9	17,5	17,1	15,6	14,7	14,7

AT-RISK-OF-POVERTY RATE, BY WORK INTENSITY OF HOUSEHOLD

	2016.	2017.	2018.	2019.	2020.	2021.
<i>Households without dependent children</i>						
<i>Very low work intensity (0 – 0.2)</i>	55,7	56,2	61,7	62,1	58,1	66,6
<i>Low work intensity (0.2 – 0.45)</i>	27,0	29,6	20,4	21,4	30,7	34,9
<i>Medium work intensity (0.45 – 0.55)</i>	4,8	7,1	7,3	9,5	13,6	10,2
<i>High work intensity (0.55 – 0.85)</i>	2,6	4,0	1,6	1,6	3,2	1,6
<i>Very high work intensity (0.85 – 1)</i>	1,1	1,6	1,8	1,4	1,3	1,6
<i>Households with dependent children</i>						
<i>Very low work intensity (0 – 0.2)</i>	78,7	78,7	80,8	78,0	75,5	79,6
<i>Low work intensity (0.2 – 0.45)</i>	35,3	45,9	42,0	37,8	44,0	46,9
<i>Medium work intensity (0.45 – 0.55)</i>	26,7	26,3	27,1	27,9	23,5	26,2
<i>High work intensity (0.55 – 0.85)</i>	5,7	4,6	7,0	5,1	8,2	5,2
<i>Very high work intensity (0.85 – 1)</i>	1,4	2,0	1,7	2,4	2,6	3,1

MATERIAL DEPRIVATION INDICATORS

	2016.	2017.	2018.	2019.	2020.	2021.
<i>Percentage of persons living in household that suffers from:</i>						
<i>Inability to keep home adequately warm during the coldest months</i>	9,3	7,4	7,7	6,6	5,7	5,7
<i>Inability to afford a one-week annual holiday away from home</i>	61,2	58,2	51,3	48,6	49,3	42,1
<i>Inability to afford a meal with meat, chicken, fish or vegetarian equivalent every second day</i>	12,5	10,5	10,1	7,9	7,8	5,6
<i>Inability to face unexpected financial expenses</i>	57,7	56,2	52,9	51,7	48,9	46,5
<i>Ability to make ends meet</i>						
<i>With great difficulty</i>	20,4	15,5	14,1	11,9	11,1	7,8
<i>With difficulty</i>	31,0	28,4	28,6	23,6	22,2	19,5
<i>With some difficulty</i>	36,3	41,2	40,4	44,4	45,2	43,5

<i>Fairly easily</i>	9,1	11,5	12,9	15,1	16,8	22,3
<i>Easily</i>	2,8	2,8	3,3	4,1	3,7	5,4
<i>Very easily</i>	0,4	0,5	0,6	0,9	1,0	1,6

OTHER POVERTY INCIDATORS

	2016.	2017.	2018.	2019.	2020.	2021.
<i>Indicators of income inequality</i>						
<i>Gini coefficient</i>	29,8	29,9	29,7	29,2	28,3	29,2
<i>Quintile share ratio (S80/S20)</i>	5,0	5,0	5,0	4,8	4,6	4,8
<i>Dispersion around at-risk-of-poverty threshold, %</i>						
<i>40% cut-off</i>	8,5	8,1	8,3	7,2	7,3	7,6
<i>50% cut-off</i>	13,5	13,4	13,6	12,2	12,5	12,7
<i>70% cut-off</i>	26,9	27,4	26,2	25,6	25,3	26,4
<i>At-risk-of-poverty rate by tenure status, %</i>						
<i>Tenant</i>	27,4	30,9	29,7	22,2	24,5	31,3
<i>Owner or rent free</i>	19,3	19,6	18,9	18,2	18,1	18,9

AT-RISK-OF-POVERTY RATE, BY EDUCATION LEVEL

	2016.	2017.	2018.	2019.	2020.	2021.
<i>Preschool and basic</i>						
<i>Total</i>	37,0	36,0	35,5	33,7	32,7	36,5
<i>Men</i>	41,2	37,3	36,5	35,8	32,7	35,7
<i>Women</i>	34,1	35,2	34,7	32,2	32,7	37,1
<i>Upper secondary</i>						
<i>Total</i>	15,5	15,6	15,4	13,6	14,0	15,1
<i>Men</i>	15,7	15,7	15,1	13,6	13,6	15,0
<i>Women</i>	15,3	15,5	15,7	13,7	14,4	15,3
<i>Tertiary</i>						
<i>Total</i>	4,5	4,1	4,7	4,8	4,8	5,1

<i>Men</i>	4,6	3,6	4,4	5,2	5,6	4,3
<i>Women</i>	4,4	4,4	4,9	4,6	4,3	5,7