



**HRVATSKA
MREŽA
PROTIV
SIROMAŠTVA**

**CROATIAN
ANTIPOVERTY
NETWORK**

HMPS.hr

Teslina 13
10 000 Zagreb
Hrvatska/Croatia

info@hmeps.hr

POVERTY WATCH CROATIA 2023

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TABLE OF CONTENT

- **Introduction**
- **Objective and Summary of the Poverty Watch**
- **Basic data – Poverty indicators in Croatia and the perspective of people experiencing poverty**
- **Minimum income scheme in Croatia**
- **Other measures (strategies) and reforms aimed at poverty reduction**
- **Discrimination of people experiencing poverty**

Introduction

The Croatian Anti Poverty Network (CAPN), as a civil society organization, was founded in March 2014 and became a member of the European Anti Poverty Network (EAPN) in June 2014. The founders of CAPN included organizations such as the Center for Social Policy Initiatives, City Red Cross Society Zagreb, Croatian Network for the Homeless and NGO Pragma. Later, other organizations and individuals, including Caritas of the Archdiocese of Zagreb, Caritas of the Diocese of Dubrovnik, The Independent Trade Unions of Croatia and others joined the Network.

CAPN's goal is to raise public awareness about the need to reduce and ultimately eliminate poverty in Croatia and Europe, empower civil society organizations in implementing social rights and participation in the creation of public policies at the local, national and EU levels. CAPN advocates for strengthening social dialogue with stakeholders in the state and civil sector, with a particular focus on enhancing the participatory role of individuals experiencing poverty in all areas of social life.

Objective and summary of the Poverty Watch

The Poverty Watch for the year 2023, prepared by CAPN, aims to raise public awareness of the priorities that characterize poverty in Croatia, primarily through the perspective of persons experiencing poverty in Croatia as well as to provide insight into some of the problems they face in Croatia.

This year, the growth of inflation (rising prices of goods and services) as well as - already chronic - problems related to the affordability of housing have had a significant impact on the quality of life of Croatian citizens. In addition to the consequences of the Pandemic and earthquakes in 2020 (in Zagreb and Petrinja), significant problems related to the cost of food, healthcare services, education services, transportation and accommodation continue to persist. The impact on price growth was also influenced by Croatia's accession to the Schengen Area and the Eurozone on January 1, 2023, adopting the euro as the official currency. Despite the government's efforts to prevent price increases during the conversion from former currency *kuna* to the euro, we've witnessed a rise in prices for goods and services, which merchants and service providers often attribute to the increase in inflation. When considering all of these factors, the cost of living is significantly higher than it was last year.

Social sector in Croatia did not implement structural reforms, in spite of multiple different reform efforts, initiatives and suggestions coming from within the system itself as well as from EU level. This somehow petrified situation is constantly generating new social risks. Social sector is characterized by inadequate, nonfunctional model of financial transfers which consequence is not adequately covered needs of the most vulnerable social groups. Financial transfer models (benefits) are still not linked to specific thresholds, poverty line or with the basket of needs, but is determined by the decision of the Government of Croatia.

"Poverty should be measured for various and diverse reasons. First, measuring poverty enables predictions regarding the size/significance of the problem and raises the visibility of the phenomenon, bringing poor people into political focus. Second, measuring poverty is necessary to identify the poor population and its concentration in certain areas, after which appropriate policies and interventions can be determined" (UN manual)

Basic data – Poverty indicators and and the perspective of people experiencing poverty

At the level of the Republic of Croatia, there has been no significant change in the at-risk-of-poverty rate (AROP), and in 2022 (18.0%), it is almost the same as the rate in 2020 (18.3%) (it was slightly higher in 2021, at 19.2%). However, the proportion of people at risk of poverty and social exclusion (AROPE) has been decreasing. In 2022, it was 19.9% compared to 20.9% in 2021 and 23.2% in 2020.

AROP for women was 4 percentage points higher than AROP for men in 2022 (20% vs 16%). In terms of citizenship, AROP is very high for non-EU27 nationals, but it decreased slightly from 33% in 2020 to 29.7% in 2022. The at-risk-of-poverty or social exclusion (AROPE) in 2022 (19.9%) was below the EU27 average in 2021 (21.7%). AROPE for women in Croatia was about 4 percentage points higher than for men in 2022. In terms of citizenship, AROPE was the highest among non-EU27 nationals (34.4% in 2022), but this share decreased in comparison to the share in 2019 and 2020 when it stood at 39%. The rate of severe material and social deprivation in 2022 was lower in Croatia (4.0%) than in the EU27 in 2021 (6.3%). There are no significant differences in material and social deprivation rates between men and women.

According to the type of households, the at-risk-of-poverty rate varies significantly, and at the national level, the highest risk is faced by single-person households where individuals are aged 65 and over (in 2021, 55.3%, in 2022, 56.5%) and other single-person households (in 2021,

47.4%, in 2022, 47.8%). One-parent households with one or more dependent children are also significantly exposed to the risk of poverty (in 2021, 37.5%, in 2022, 24.9%), as well as households with two adults and three or more children (in 2021, 22.8%, in 2022, 23.3%). Families with two adults and two children have one of the lowest poverty rates - when it comes to household type - which was 10.1% in 2021 and 10.8% in 2022.

According to the Croatian Bureau of Statistics (DZS), the inflation rate in 2022 was 13.1%, with the highest annual price increases observed in the categories related to essential living costs, namely food and non-alcoholic beverages (19%) and housing, water, electricity, gas, and other fuels (16%).

People experiencing poverty perceive the problem as a long-standing issue with a tendency to worsen. They view the current situation as a logical but sad continuation of the life they already know:

„The situation is getting worse and worse in terms of food, energy, and housing. It seems to me that the most has been done for energy. However, greater emphasis should be on housing. We're talking about the lives of our children, and they shouldn't and mustn't grow up in these conditions.

Rental prices are criminal. I don't know about you, but I, even though I work and earn (not too much, but it's not the minimum wage), can't find anything with two children. If I want them to grow up in a stimulating environment, as it should be – for them two sharing at least one room and for all of us to live decently, or better said, normally - I would need a salary of at least 1,100 euros. Now, we're in an apartment we barely found, a one-bedroom apartment, the two of them sharing a room, me on the couch, 35 square meters – it costs 600 euros. I frequently look at the apartments on the market and what's offered, but people rent all sorts of things, empty apartments, apartments with furniture from the mid-20th century, they don't accept children... And here, we're not talking about locations in the city center. Whether I take this kind of apartments or not, there will always be someone who will, even if they then live on bread and water, contributing to this absurd system where no one can say 'stop' to such outrageous rental prices.

...Food, basic groceries - the prices went through the roof. It was at the limit with madness. Well, it wasn't at the limit; it was madness. A dozen eggs, 20 HRK (2.6

EUR), sunflower oil, 30 HRK (4 EUR). The other day, bread, I see: 2 EUR. Aren't they ashamed? It was time for the state to step in and say 'enough.' Private businesses and the 'big fish' can't have everything they want. I understand that they also have rising costs and are feeling the consequences, but they've been reaping high benefits for the last 20 years. They can't make a profit off of us, the most destitute. I hope this measure [limiting the prices of some goods by the government] will take effect and include other products.

I no longer eat meat and fish, not for moral reasons but because it's a luxury. Sometimes, I take four apples and share them with the children. Sometimes I buy zucchinis and Swiss chard. Milk is also expensive; sometimes I buy it and dilute it with water.

My heart breaks knowing my child cannot go on school trips like other children, cannot attend music school and develop skills. I often wonder if she will blame me for not being able to afford those experiences,... for not fulfilling her potential. But how can I? It's a big day when I manage to make her a snack for that day.

I have an above-average salary, but I live well below the poverty line. Everyone looks at income, but nobody looks at expenses. I spend 60% of my salary on rent.

The apartments provided to immigrants, Ukrainians, they are protected like bears in Lika, and I, a native, live in a 36-square-meter apartment with three children. Originally, there were 7 of us living in those 36 square meters. My wife and I went to see a social worker because we don't have the conditions to raise and educate our children. We got the response that they can't do anything. Everyone around me is getting apartments, but not me. I've been sending requests for an apartment for 20 years. I'm 71 years old, and I'm still in the basement. And others say, 'I got an apartment' – how? I'm happy for them, but when will it be my turn?"

The statements are supported by a series of child poverty research studies conducted in Croatia. Preschool-age children living in poverty (with parents who are recipients of social assistance in the social care system), compared to children who do not live in poverty (with employed parents who are not at risk of poverty), do not have equal access to goods and services, as well as basic necessities necessary for their development and well-being, including adequate nutrition, clothing and footwear, toys, participation in activities for children and families, and

the availability of services for children (Dragičević, Družić Ljubotina, 2022; Šućur et al., 2015). Households with preschool-age children living in poverty have a higher rate of income poverty and a higher level of housing and material deprivation that becomes apparent in everyday life: 41.5% of children living in poverty come from households that cannot afford meat, fish, or a vegetarian substitute every other day, almost 95% live in households that cannot afford a week of vacation away from home, more than 50% live in households that are late in paying rent, utilities, or credit installments, while 82.5% live in households unable to cover unexpected financial expenses (Šućur et al., 2015). A 2015 study with high school-age children living in poverty showed similar results: high school students living in impoverished households do not have their basic needs and living conditions met, including sufficient and quality nutrition, safe infrastructure, access to education, school activities, and other community services, such as cultural, sports, and recreational activities, among others. Exclusion from community life carries the risk of social isolation for young people, and all of the above affects their physical and mental health (Kletečki Radović, Vejmelka, Družić Ljubotina, 2017).

A 2016 study that examined how parents in Croatia cope with and face poverty revealed that parents employ various strategies, such as working in the "black market", irregular payment of bills, borrowing (within their social circle), selling property, producing their own food, prioritizing their children's needs over their own (e.g., regarding food), prioritizing the essential and urgent needs of children over less urgent ones (buying food over purchasing a computer), giving priority to the needs of one child over another (e.g., investing in higher education of only one child), etc. Parents express that they cannot afford everything their children need (material goods and activities such as bicycles, mobile phones, birthday celebrations, allowances, etc.) for them to grow up in similar conditions to their peers. This endangers the socialization of children and exposes them to potential peer teasing/violence or stigmatization. They particularly fear that they will not be able to provide their children with the desired level of education that would enable them to break out of the cycle of poverty (Rubil, Stubbs, Zrinščak, 2018).

In addition to these alarming statistics regarding child poverty, let's mention that in Croatia, the total number of children and youth in institutional care and organized housing in homes for children without adequate parental care and community service centers on December 31 2022, was 882, which is 9 more than in 2021. Out of the total number, 818 are children, and 64 are

young individuals. Despite efforts to find alternative spaces to increase the number of children in organized housing, the desired results have not been achieved. (Report on the work of the Ombudsperson for Children 2022, Zagreb, 2023).

In total, over 6,000 children, youth, and adults with disabilities live in institutions (source: World Bank).

Regarding other vulnerable groups, the following available data and estimates are provided:

During 2021, the number of persons deprived of liberty who were in penal institutions during the year increased by 3.4% (N=419) compared to 2020. This was due to a higher number of newly admitted persons deprived of liberty (8495) compared to 2020 when there were 8089 newly admitted persons deprived of liberty (source: Government of the Republic of Croatia, Report on the State and Operation of Prisons, Correctional Facilities, Educational Institutes, and Centers for 2021, Zagreb, 2022).

There is no systematic statistical data on homeless persons. Thus, according to the data from former centers for social welfare, which was provided to the Ombudswoman by MRMSOSP, in 2022 a total of 380 homeless people were recorded (these are individuals who identified themselves as such). According to data from the Croatian Homeless Network, a member of CAPN, there are around 2,000 homeless individuals in Croatia, with only 420 of them staying in shelters, while the rest reside in public and abandoned areas.

According to data from the *Are You Syrious* organization, Croatia recorded nearly 13,000 requests for international protection in 2022, with almost 8,000 in just the first three months of 2023, and the numbers are still rising.

Minimum income scheme in Croatia

The main problem is the adequacy level of the minimum income (MI) in Croatia. The net minimum income of beneficiaries in 2020 was only 41.4% of the poverty threshold for single-person households (compared to 59.4% in the EU27). In addition, the adequacy of MI for single-person households in Croatia decreased in 2020 compared to 2018 when it was 47.1%. It was the lowest rate among all EU27 member states. Notwithstanding, data on the number of the Guaranteed Minimum Benefit (GMB) beneficiaries show a significant decline in the 2018-2021 period (from 72,759 in 2018 to 50,151 in 2021) (see Table 1). In other words, the share of Croatian citizens receiving GMB decreased from 1.87% in 2018 to 1.29% in 2021. This

decline may be related mostly to the low calculation base in GMB and decreasing unemployment rates since 2015 (yet, over 45% of GMB beneficiaries are able-bodied people). On the other hand, Eurostat estimates regarding the extreme poverty rate (set at 40% of median disposable equivalent income) for Croatia was at 7.3% in 2020, 7,2% in 2019 and 8.3% in 2018, meaning that there is a significant gap between estimated extremely poor people which oscillate around 7-8% last years and GMB beneficiaries which due to stringent criteria cover only 1,3% of inhabitants in 2021.

Table 1 Beneficiaries of Minimum Income Scheme (Guaranteed Minimum Benefit - GMB) (2018-2021)

	2018	2019	2020	2021
Number of persons receiving GMB	72,759	62,301	57,335	50,151
GMB beneficiaries as % of all inhabitants in Croatia ¹	1.87%	1.60%	1.47%	1.29%
Number of households receiving GMB ²	39,628	35,103	34,004	30,701
Households receiving GMB as % of all households in Croatia	2.76%	2.45%	2.37%	2.14%

*Source: Ministry of Labour, Pension System, Family and Social Policy
(<https://mrosp.gov.hr/strategije-planovi-programi-izvjesca-statistika/4165>)*

¹ According to the first results of the 2021 Census, the total population of Croatia was 3,888,529 (<https://popis2021.hr/>).

² According to the first results of the 2021 Census, the total number of households in Croatia was 1,434,785 (<https://popis2021.hr/>).

Croatia's main Minimum Income (MI) scheme is the Guaranteed Minimum Benefit scheme (GMB) which is regulated by the 2022 Social Welfare Act (OG, 18/2022) which came into effect on 17 February 2022. The scheme is nationally based and is under the authority of the Ministry of Labour, Pension System, Family and Social Policy. The GMB is entirely financed through the central state budget. The GMB is a rights-based scheme, open to all resident citizens of the Republic of Croatia. It can also be paid to those with temporary residence, to refugees and persons under subsidiary protection or asylum seekers. At the end of 2021, there

were 50,151 individuals receiving GMB¹. It means that only 1.3% of inhabitants received GMB at the end of 2021. Only a little over 10% of Croatian citizens whose income is below the at-risk-of-poverty rate threshold (set at 60% of the national median disposable income) are entitled to GMB².

The benefit is income- and asset-tested. GMB can be claimed by both those capable of work and those who are not capable of work, as well as by persons over the age of 65. Entitlement is conditional upon not being able to secure one's subsistence through one's own work, rights arising from work or insurance, income from property or other sources (including benefits), receipts under other regulations, assistance of the persons obliged to support him/her, or in any other way. Individual or family income earned in the month in which the decision on recognition of the right is made is taken into account, including income from work, property or social benefits. A number of sources of income are disregarded in the means-testing. These include, for example: housing allowance, disability allowance, care allowance, personal disability allowance, child allowance, and social benefits from regional or local authorities. In terms of assets, persons are not eligible for GMB if they own a second residence which can be used to provide resources, or if they have sold a property within three years of a claim being made which could cover their support. In addition, if an owned property could be used to generate income, through rental or sale, without compromising basic needs, then a person or household will be deemed ineligible. It is not allowed for claimants to own a registered vehicle worth more than €2,667, except in cases of disability, old age or limited mobility, or in situations where there is a lack of transport connections.

The calculation base amounts to €133 since 24 February 2022. According to the present equivalence scale, an elderly single person or a single person completely incapable of work receives 130% of the base; a single person capable of work who is a lone parent receives 120% of the base (if he/she is incapable of work: 135%); adult household members being able to work receive 70% of the base (95% if they are not able to work); children until 18 receive 70% of the base; children of lone parents receive 90% of the base. GMB is capped at the level of 150% of the gross minimum wage (in 2023, it is €1,050). The level of the base and the calculations of the base are arbitrarily set by the Government decision. They bear no relationship to any poverty line whether absolute, based on subsistence minima, reference

¹ <https://mrosp.gov.hr/strategije-planovi-programi-izvjesca-statistika/4165>

² Bežovan, G., Šučur, Z. and Babić, Z. (2021). ESPN Thematic Report on Access to social protection for young people – Croatia, European Social Policy Network (ESPN), Brussels: European Commission.

budgets, food baskets and the like, or relative, in terms of a percentage of the median income. There is no automatic indexing or upgrading of benefits over time.

For those capable of work, receipt of GMB is conditional on being available for and actively seeking work. In practice, this means that recipients must be registered, and remain registered, with the Croatian Employment Service (CES) and must accept any offers of work, regardless of qualifications or experience, including temporary or seasonal jobs. Claimants capable of work are required to take part in Active Labour Market Programmes (ALMPs) and must participate, when directed to do so, in public works programmes organised by local authorities for between 60 and 90 hours per month. Again, failure to comply will result in benefit being suspended.

There is no specific arrangement for transition from unemployment-related benefits to GMB benefits. Unemployment benefits are included as income to be taken into account, when assessing a claim, as is income received from ALMPs. There is, however, provision for a tapered withdrawal of benefits on return to employment. Those who find work whilst claiming the benefit may continue to receive GMB during the first three months of employment in the amount reduced by 50%.

There are exceptional assistance payments or one-time payments which are discretionary payments which can be paid to GMB claimants or non-claimants to cover extreme emergencies. In exceptional circumstances, the maximum single payment can be €1,300 a year.

Several research studies carried out in Croatia about social assistance and guaranteed minimum benefit system concluded that GMB scheme in Croatia is well targeted to the poor (Babić, 2008; World Bank, 2014; Nga Thi Viet Nguyen and Rubil 2021). Another positive aspect regarding GMB scheme is a relatively good organization through Social Welfare Centres with fairly long tradition and educated staff (mostly social workers) and technological equipment (good database, software and connection to other public databases). On the other hand, even though GMB is relatively well targeted towards the poorest, GMB adequacy is problematic due to low benefit level so at the end poverty alleviation effect is limited. Also, coverage of the poor with GMB benefit is relatively low according to research (Nga Thi Viet Nguyen and Rubil 2021:35): *'In 2018, it covered approximately 80,000 beneficiaries, which was only about 20 percent of the people in the first decile of the income distribution. An option to expand the coverage and the amount of benefits is to increase the GMI base which has been stagnant at 800 HRK/month/eligible person since the day the program was introduced..... In addition,*

some eligibility criteria such as wealth-tests might be relaxed to potentially include more people in the program’.

Regarding the strict property assessment, the criterion of owning a car as a reason for exclusion from the right to GMB has been changed in the new Act towards setting the car's value as a criterion in the property check process. Currently, the most problematic condition for obtaining the right to GMB is the government's demand for reimbursement of the benefit through the state's claim on the only real estate where individuals live, which has sparked significant debates and caused some beneficiaries to give up on GMB, which is in contrast to the expectations outlined in the National Recovery and Resilience Plan, which anticipated that the changes to the Social Welfare Act were supposed to result in a higher number of beneficiaries and broader coverage. The latest amendments to the Social Welfare Act (Official Gazette 71/2023) abolished the provisions on the recording of state claims on a single real estate. Owning the second real estate (house, flat, land etc) as an exclusion criterion can also be problematic in some situations. Namely, there are areas in Croatia (Slavonia for instance) where real estate has a very low value, and it is difficult to sell it at all. Thus, it is possible, for instance, in a case that a poor family of GMB beneficiaries living in Zagreb in their own apartment inherits (almost worthless) real estate in Slavonia from their deceased parents (which they can hardly sell), they lose the right to GMB which could be problematic.

Activation of unemployed workable beneficiaries of GMB is a very important step in their full reintegration in the labour market and society. However, Croatian system of GMB administration and coordination with Public Employment Service in direction of activation is often very formal. This means, in practice the focus lies more on sanction rather than activation and inclusion of beneficiaries in ALMPs.

Finally, from the described details of GMB scheme functioning in Croatia it could be concluded that GMB scheme has no capacity to lift the poor out of poverty and to help them to live a decent life, but it only helps them with GMB benefits which are barely enough to survive. Thus, the GMB scheme in Croatia should be significantly improved in terms of adequacy level, coverage rate and system of activation in a direction of mentorships practice and tailor made activation programme for unemployed GMB beneficiaries to improve their inclusion in labour market and social inclusion.

People experiencing poverty emphasize that the benefits they receive are not sufficient for a dignified life and for adequately addressing the needs of their mostly minor children. The

benefit amount does not align with the real demands and challenges of raising and caring for children, which often involve unexpected expenses.

For example, a mother whose children have health issues highlights the inconsistency between the assistance measures she receives and the healthcare system. This inconsistency often forces her to allocate money that should be used for basic life necessities, like food, to cover the necessary healthcare expenses for her children:

„The benefits are not enough for the children. I have 4 children, three of whom are asthmatic minors. The child's dosage is not sufficient, so they are prescribed adult medications - and adults have to pay for these medications. On a monthly basis, it's about 70 euros for their regular therapy they have to receive. I have 2 daughters for whom I must allocate funds for basic hygiene products. In addition, they have allergies to preservatives and additives. All they provide is a small patch. And then, heaven forbid, there are unexpected situations, which are again common - a child, for example, gets burned. I mean, when you leave 50 euros at the pharmacy, and you haven't even blinked - you had to take it from that modest budget and go without something else.“

The other person is talking about how the social assistance system doesn't help lift out of poverty, for example, through employment activation:

“It's like a black hole, once you enter, there's no way out. This system is an anchor that keeps me down and doesn't help at all. It's a system that doesn't encourage work – work isn't valued in this country. They either push you to the margins or leave you in the margin and intentionally create social cases.”

People experiencing poverty express fear and hesitation about the expected requirement to repay the assistance/ claim note registered on their only property by the state:

“... people haven't applied for the guaranteed minimum benefit, so now they are rummaging through garbage because they dare not lose the little they have, that roof over their heads, memories of times when they were not in this situation, memories...”

People are afraid of losing their property, which is sometimes the only reminder of their past and the life they had before. People are even hesitant to apply for the guaranteed

minimum benefit, and there is a pervasive fear. It has all come down to a loan - if you have property, you are allowing the state to charge you for that property someday.”

Other measures (strategies) and reforms aimed at poverty reduction

In Croatia, there have been legal changes in the field of social care aimed at improving the situation of vulnerable groups (Official Gazette 119/22 and 71/23) and development of strategic documents in the field of social care, especially in the area of combating child poverty that led to the adoption of the National Action Plan for the implementation of the EU Council Recommendation establishing European Child Guarantee (Official Gazette 87/2023).

Increased investments (funded by the European Union and the Croatian state budget) have been made in elderly care through the construction of 18 elderly care centers worth 160 million euros. The Call for grants „Construction and equipping of centers for the elderly (non-institutional and institutional services)“ foresees the provision of accommodation services and the provision of non-institutional home care services, day care services (half and full-day), care for the elderly during the caregiver's unavailability, counseling services, psychosocial counseling and support, integrated social and healthcare services at the primary level (space and equipment for family medicine doctors, mobile teams).

The Ministry of Agriculture has signed a grant agreement for the infrastructure improvement of food donation intermediaries and food banks from the National Recovery and Resilience Plan (NRRP) amounting to almost 2 million euros. The food bank started operating in October 2023.

Food bank users include recipients of the guaranteed minimum benefit (GMB) and individuals with incomes less than 300 euros per month or less than 250 euros per person within a single household. The total value of the reform measure "Improvement of the food donation system in Croatia" is 4,2 million euros, and contracts have been concluded with 51 beneficiaries (nine beneficiaries for food banks and 42 food donation intermediaries), all with the aim of increasing the amount of donated food, reducing food waste, and increasing the food security of the poorer population. The initiative was launched in 2015 by the "Food Network" association, which advocated for the exemption of food donations from value-added tax (VAT).

An additional measure introduced at the beginning of 2023, which reduces expenses for low-income households and improves the quality of life, especially for the most vulnerable children, is providing one free healthy meal in school for all students in Croatia.

In accordance with the Social Welfare Act (OG, 18/2022), the administrative structure of the system changed from the beginning of 2023. Namely, centres for social welfare (82) and their branch offices (36) ceased to exist, and their functions were taken over by a new institution called the Croatian Institute for Social Work. As part of the new structure, the key institutions of social welfare are the central service and regional units of the Institute for Social Work, which act as county services and regional offices – a centralised system which limits the autonomy of local institution responsible for providing social protection and services and which could slow down the procedures, and what we will follow through citizens' complaints to the Ombudsman.

The need for structural reform in social sector is present for last few decades in Croatia. It was not stressed only by EC but also repeated from within the social sector itself - from GO and NGO sector. EC has specifically pointed out the topic through CSR /Country Specific Recommendations. Following the previously mentioned, CSR coming from EC were mostly matching the ideas of the CAPN that were part of CAPN review of European Semester/CSR within the European Anti-Poverty Network.

Instead of the system reform we had witnessed instant solution as the response to the crisis situations. Although, there were several attempts to perform structural reform of the social welfare system in Croatia (the activities initiated, among others, by EC and World Bank) these attempts were basically left behind after the pilot phase, and this pattern was replicated several times. So instead of the holistic /structural reform, we had sporadic interventions either as part of pilot attempts or specific solutions related to the financial support to vulnerable groups, for example, consolidating monetary benefits.

The current social welfare system is burdened by lack of consistency in the implementation of the social welfare policy measures, in sharing of data and information between different segments /institutions of the system, and thus service providing perspective it is not efficient and not functional. The other potential generator or the reason for not having the quality changes within the system is inadequate (or un-existing) communication on intersectoral level, as well as almost lack of any meaningful communication between GO and NGO sector.

Civil society organizations in Croatia are important providers of social services that played a crucial role in delivering these services during the pandemic and earthquakes in 2020.

However, they themselves faced multiple challenges, including reduced funding due to delays and cancellations of financing by contracting bodies (public and private sectors), staff layoffs, changes in the way services were provided, and changes in working methods. Civil society organizations not only provided services in areas and for needs that were "uncovered" by public institutions, but in many situations, they were the main providers of organized care for social groups at risk. Despite this, the sustainability of civil society has been undermined in almost all areas of social life because it remains insufficiently recognized and valued as a provider of social services.

The current implementation of TSI program/Technical Support Instrument in Croatia is focused on social welfare sector, covering among other problems, the problem of communication between GO and NGO sector (the program is implemented as EC support to EU members by DG/program related to the support to the implementation of structural reforms). Situation analysis that covers the area of social welfare should result with recommendations oriented to creation of reform activities supporting, among other, the idea and the need for better, more fruitful communication among GO and NGO sector in all planning phases: from proposals, developing the plans, implementation and monitoring the activities. Synergy in the implementation of the activities of GO and NGO sector, through sharing of experience, skills and knowledge and learning from each other, could create the good basis for THE structural reform in the area of social policy and social protection.

People experiencing poverty suggest some measures that, in their opinion, could contribute to improving the current situation:

- Fundamental System Changes: They recommend changes to existing systems, starting with the education of personnel in the social welfare system and redirecting the system towards poverty prevention:

„The system needs a fundamental change. We're talking about social services, but it starts with education. People working in these institutions should have, at the very least, a basic level of empathy and a genuine desire to work with people.“

“The system should be the safety net that does everything to prevent you from falling into poverty in the first place. As long as our system is like this, pushing people to the fringes of society, we're in trouble. Help people when they're going through tough times

and when they have to cover unexpected life costs, especially those who are already barely making ends meet. Sometimes, all it takes is one situation to turn your life upside down, and they seem to not believe that it can happen to you, to me, or to them. One-time allowances can make a big difference before falling into poverty, but now that I'm already poor, they mean almost nothing.”

- Improved Information Accessibility: They propose that institutions ensure better access to information, for example by creating user-friendly websites with comprehensive information, including step-by-step guides, forms, and document requirements. They emphasize the importance of keeping these resources updated and ensuring transparency:

“Officials have a lot of work, especially when it comes to explaining. I can't understand why there isn't a webpage with all the information that would lead you to the right place, to the forms. How to fill them out, which documents are needed – there's always one missing. The pages are not updated, you click and click, and accidentally stumble upon a form like a 'blind hen.' If you were to ask me where it is right now, I wouldn't know. I found it, but how to get back to it – absolutely no idea. The transparency of any such platform or website is absolutely non-existent, and you're forced, even in today's digital age, to physically 'knock on doors,' preferably by making an appointment and going there with a list of questions, to which you receive half-answers, as they lack the time and honestly, the knowledge. The whole story is one big gray area. If everything were in one place, it would be immensely easier.”

- Better statal property use and better housing accessibility:

„So many vacant properties lie empty. If they were made available to us, we could plant something there ourselves and put bread on our table.

To find some mechanisms and increase the number of social housing. Simplify the process to access them. What's happening now is not humane. It's sad that when you apply for the social housin, you lose hope that you'll ever get it.

The government must impose a rent price increase ban, or at least introduce criteria for the maximum rental price per square meter, depending on some criteria - old construction/new construction, renovation status, square footage, modern or antique furnishings, parking, balcony, terrace... You can't rent a 25-square-meter studio apartment with no investments, for 600 euros. “

Discrimination against persons experiencing poverty

We present excerpts from the 2022 Ombudsman's Report, which shows the presence of a series of discriminatory actions, both by legal entities and the state itself, towards the most vulnerable citizens:

„Complaints about discrimination in the field of labor and employment in 2022 were largely related to the health and financial status of workers, age, and national origin. The presence of foreign workers in Croatia is increasing, some of whom differ in appearance, culture, and language from domestic workers. Some employers publicly stated that they were not inclined to employ them. It is a misconception of entrepreneurs that they can freely choose whom to employ and exclude candidates based on their skin color, religion, nationality, or some other grounds... “

The Report contains a post by an employer on a social network highlighting that the employer will not employ candidates from certain countries. The Report adds that refusing to employ candidates based on their national origin or skin color constitutes direct discrimination in employment, which was confirmed by the European Court of Justice in the Feryn case (C-54/07). The court pointed out that such a post constitutes a presumption of implementing a discriminatory employment policy, regardless of whether a person with the mentioned undesirable characteristics applied to the job ad. The controversial post reads: *„Apparently, all normal workers have gone to Ireland, and we are receiving Pakistanis, Bangladeshis, and Chetniks from Niš in response to our ad! To avoid tarnishing our Samobor with those blacks (there are really too many of them, and it's ugly to see them with bags full of alcohol as they leave the store, while the local elderly people cross the street)... “*

Discrimination based on financial status in Croatia is prohibited by the Anti-Discrimination Act, meaning that Croatia belongs to the half of EU countries that guarantee citizens protection against this type of discrimination. It is important to be aware of the need to report discriminatory behavior, but there is a problem of underreporting in this area. The

Ombudsman's Office conducted its own research on the presence and perception of discrimination in 2022, according to which even 60% of citizens who claimed they had been discriminated against did not report it to anyone. The most common reason for not reporting discrimination is the belief that nothing will change by reporting it, but 21% of respondents emphasized that they did not respond because the procedure was expensive, complicated, and time-consuming, with an additional 20% believing that their situation would worsen, which are assumptions that can have a stronger impact on the decisions of individuals with a lower financial status. The Ombudsman's Office has already pointed out the problem of employers who require job applicants to own a personal vehicle or computer equipment to work from home. One student reported a job ad that discriminates based on financial status: "I have to report this job ad because, as a student on a part-time job and hourly wage, they are asking me to have my computer equipment that supports some of their programs that I should work on!"

Regarding discrimination in the social welfare system, specifically in the accession to services, the Ombudsman's Office conducted an analysis of the informativeness of the websites of former social welfare centers, examining whether citizens can find information about the Social Welfare Act and their rights in the social welfare system and whether this information is comprehensive and clear. The analysis revealed regional inequalities even in access to information since the websites of the centers were not uniform and did not provide the same extent and quality of information. Most did not contain the Social Welfare Act or had an outdated version. A quarter did not have information about rights under social welfare, and three-quarters included rights and services from the old Social Welfare Act. Only two centers listed fees and services under the current Social Welfare Act. Most websites described rights in a very formal and complicated manner, often simplifying the provisions of the Social Welfare Act slightly. Most websites did not provide information on how to exercise rights, what the process looks like, deadlines, and legal remedies. The Ombudsman's Office conducted checks one year after the new Social Welfare Act came into force and more than a month after the Croatian Institute for Social Work (HZZSR) started to operate, and found that 57% of websites were still the websites of the former Social Welfare Centers, 42% were no longer functioning, and one had the name of the regional office of the HZZSR, but it was not possible to access the content. Therefore, the Ombudsman's Office recommends that the Croatian Institute for Social Work should create a single website or standardize and update the websites of regional units so that they contain uniform information about all benefits and services, procedures for their

recognition, deadlines, and legal remedies, that they are written simply and easily to understand, and that they are also available in print.

In the field of exercising rights in social welfare, the Ombudsman's Office investigated the administrative burden when initiating procedures to recognize benefits by analyzing the documentation that beneficiaries need to possess when initiating the recognition of benefits. In the case of Guaranteed Minimum Benefit (GMB), most centers used an identical or slightly modified application form. However, significant differences were found in the type and number of documents required when submitting an application for GMB. At the same time, most of these documents are certificates from records of other public authorities that can be obtained *ex officio*. From the above, it is clear that submitting an application for GMB is quite administratively burdensome for citizens.

In addition to administrative procedures, citizens also approached the Ombudsman's Office due to the length of processing for approving benefits, including one-time payment. Given that the purpose of one-time payment is to cover exceptional costs arising from current life circumstances, it is important that it is approved within the legal deadline of eight days, which is often not the case.

Ministry responsible for social welfare (MSMSOSP) explains the alarming decline in GMB beneficiaries as a result of employment and economic migration, which contradicts the data from the Croatian Employment Service (HZZ) stating that only 950 GMB beneficiaries were deregistered due to employment. MRMSOSP claims that less than half of GMB beneficiaries are of working age, with the majority consisting of children, housewives, people incapable of working, retirees, and others.

From these data, it appears that the ministry responsible for social welfare primarily protects itself and is focused on preventing abuse of the system rather than seeking the true interests, human rights, and dignity of vulnerable individuals.

The first national study on the accessibility of social services published in 2022 shows that for some groups, such as young people at risk, families at risk, people with disabilities, national minorities, and refugees, at the national level, none of the investigated social services can be considered accessible.

Homeless people encounter difficulties in accessing healthcare and other rights due to not having an ID (personal documents), and the inconsistent practice of registering their residence

address at former centers for social welfare further complicates their situation. Research conducted by NGOs has shown that most homeless people do not have access to dental care. The Ombudsman's Office emphasizes, quoting researchers, that it is crucial to ensure that homeless individuals are provided with personal identification documents "at all costs" because without them, a person is non-existent, cannot find employment, and faces problems with the police. They suggest that personal identification should be linked to the person rather than his/her place of residence (address).

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