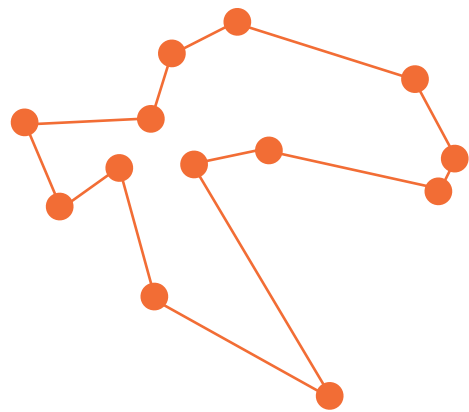





COUNTRY MONITOR



CROATIA

Social Rights Monitor 2019



Thanks to favourable economic developments, unemployment in Croatia is in decline. However, at the same time precarious work has become increasingly common. Croatian workers face some of the most precarious working conditions in the EU, specifically in the form of seasonal work and (very) short-term contracts. Wages are furthermore low, which is one of the reasons that many working-age people leave the country to find work elsewhere. The government has implemented several measures to make it more attractive for employers to hire young Croatians and encourage them to stay in the country. Nevertheless, SOLIDAR's National Strategy Group warns that a holistic strategy against brain drain is missing. Although employment rates are up, wage growth has been slow compared to the rest of the EU and wages overall are low. Croatia is furthermore one of the only countries in which the gender pay gap is widening. Social transfers are not effective in combatting poverty, and demographic changes are increasingly posing a threat to the sustainability of the social protection system. As a side-effect of mass tourism, accessibility of affordable housing is decreasing in cities and coastal areas. Finally, civic space is under pressure from attacks to the freedom of the press and limitations to the freedom of assembly.



Gini Index: 29.7

Unemployment: 8.4%

Gender equality index: 55.6

Youth unemployment: 23.7%

AROPE: 24.9%

Social welfare spending (as % of GDP): 14.3%

Tax on labour as share of total taxes: 37%

In work poverty: 5.3%

CIVICUS civic space monitor: Narrowed

Equal opportunities and fair working conditions

As a result of positive economic development, employment levels in the Croatian labour market have steadily improved.¹ Unemployment is down, and with that poverty has also decreased. Nevertheless, wage growth has been one of the slowest of the EU.² The National Strategy Group notes that about half of the working population earns less than the average wage of 6420 Kuna (roughly €864) a month. They also report that access to the labour market varies geographically; especially in rural areas and on island access to the labour market is more difficult. In recent years, there have been several reforms to the taxation system, including income taxes, corporate taxes and VAT. These include tax deductions for all non-employed members of a household and the cutting of employment benefits and occupational health benefits.

The prevalence of seasonal work, most notably in the tourism and agriculture sector, contributes to the precariousness of work in Croatia. Workers in these sectors can apply for assistance from the Croatian Employment Bureau to combat the seasonality of their employment, but more sustainable long-term measures are needed to prevent seasonality and to turn these jobs into year-long jobs. Besides seasonal work, short-term contacts also cause

precariousness in the labour market. About 1 in 5 workers have a short-term contract and 6.9% even have a contract of three months or less.³ No less than 91 percent out of 178,000 Croatians who found a new job in 2017 signed a fixed-term contract.⁴ As a result, Croatia has the largest share of precarious workers in the EU.

Youth

Youth unemployment has dropped from 49.9% in 2013 to 23.4% in 2018.⁵ However, this is not necessarily due to increased employment, which only increased by 11 percentage points.⁶ The National Strategy Group concludes that the Youth Guarantee has not been effective. In order to boost youth employment, the Croatian government has introduced a number of measures to make it more attractive for employers to hire young workers. Income taxes for workers below the age of 25 have been scrapped, and those between 25 and 30 years of age pay only 50% of the normal rate.⁷ This reduces the labour costs for employers and increases wages, which is expected to encourage young workers to stay in Croatia. The National Strategy Group points out that for similar reasons, the government has also introduced benefits for employers who offer a young person a permanent contract.

However, they also warn that a holistic approach to halting brain drain is missing. With 14% of Croatians between the ages of 20 and 64 living in another EU Member State, Croatia has one of the largest share of its working age population living abroad. The EU average is 3.8%.⁸ The education system is not focussed on preparing students for the labour market and a strategy to facilitate the transition for school to work is lacking. Croatia furthermore performs below the EU average in terms of access to and quality of lifelong learning. The participation rate in adult education is steadily decreasing, at 2.3 % in 2017, compared to the EU average of 10.9 %. Especially for those who could benefit from it the most, in-



cluding low-qualified workers and the unemployed, participation in lifelong learning activities is low.⁹

Good practice

Dual education system

Croatia invested €80 million in the development of a dual education system.¹⁰ This offers young people with little or no professional experience a work-based learning opportunity. It combines classical learning in school, with practical learning on the work floor.¹¹ Students receive a monthly allowance during the entire programme for the time they spend with a company.¹² Critics of the system say that employers misuse the dual education system and that the allowance is too low.

Social protection and inclusion

The number of people at risk of poverty and social exclusion has decreased since the economic crisis.¹³ Nevertheless, at 24.8% the share of people living in poverty remains above the European average. Especially young people below the age of 18 and older people (65+) are at risk. The National Strategy Group reports that 71% of Croatians indicated to have had financial difficulties in 2018 and 62% worry about having insufficient income in old age. They furthermore find that the existing social policies are non-systemic and ineffective in reducing poverty. The national strategy on the eradication of poverty (2014-2020) does not have clearly defined targets and is considered to miss some key elements such as adapting the education system to the demands of the modern labour market. Also the extensive use of public employment schemes is criticised as their effectiveness has never been demonstrated. Negative demographic changes - that are the result of emigration and a low birth-rate - pose a risk to the sustainability of social welfare policies. The number of pensioners has grown steadily and in 2018 only

19% of them fulfilled the legal requirements in terms of age and duration of contributions. This is a threat to the financial sustainability of the pay-as-you-go pension system.¹⁴ Plans to gradually increase the pensionable age from 65 to 67 have been retracted after trade unions protested them.¹⁵

Housing

Tourism is a crucial source of income for Croatia, but its large scale is starting to result in several social problems. Besides the seasonality of employment, mass tourism has furthermore led to a shortage of housing in cities and touristic hot-spots. The National Strategy Group signals that one in four Croatians is not satisfied with their housing situation, but that more detailed data are lacking. Tourism is leading to gentrification of these areas and puts a pressure on the local infrastructure. Government policy is mainly focused on helping people buy property by means of subsidised mortgages. The National Strategy Group warns that this is resulting in an increase of property prices and subsequently in an increase of rents, especially in Zagreb and along the coast.¹⁶

Gender equality

Croatia is one of the few countries in which the gender pay gap has widened in the past decade. Although it remains below the EU-average, the pay gap has increased from 5.7 in 2013 to 11.6 in 2017.¹⁷ SOLIDAR's National Strategy Group denounces the fact that the National Policy for the Promotion of Gender Equality has not been renewed since the last one expired in 2016.¹⁸ They furthermore criticise the prevalence of traditional gender roles that keep women economically dependent and condemn the lack of inclusive work-life-balance policies, which cause women to be subject to discrimination in the labour market. They highlight that only 2.5% of fathers make use of paternity leave. Croa-



tians experience some of the severest work-life-imbalance of all Europeans.¹⁹ In an attempt to improve the decreasing birth-rate, for 2020, the government has announced that the maternity benefit will be increased from €540 to €757.²⁰

Healthcare

Access to healthcare in Croatia is good overall. However, in rural areas and on islands access to medical services is more limited and therefore the share of people with unmet care needs is higher.²¹ As a result of high alcohol consumption and smoking, the number of preventable deaths is above the EU average for both men and women.²² The National Strategy Group furthermore reports that since 2003, the range of services that are covered by the national healthcare system has been decreasing. They also stress that for migrants access to medical care is impaired because of the language barrier. Asylum seekers, including children, are only entitled to emergency care. This means they do not have access to pre- and post-natal care, vaccines and psychological care. For these types of non-emergency care they are fully dependent on NGOs.

Civic space

Civic space in Croatia is narrowed, which is largely the result of attacks on the freedom of the press.²³ Reporters without Borders find that “Croatian journalists who investigate corruption, organised crime or war crimes are often subjected to harassment campaigns.” Defamation is a criminal offence and ‘humiliating’ media content has been criminalised since 2013.²⁴ The National Strategy Group reports that there are currently 1 163 libel and public defamation lawsuits pending against 90 journalists and media outlets. The national television broadcaster is also subject to strong political influence. The commercialisation of public spaces is posing a hindrance to the freedom of assembly. This is exacerbated by the administrative hurdles of requesting

permission for public assemblies. Another worrisome development the National Strategy Groups calls attention to is police officers requesting prosecution of protesters for disturbing public peace. They furthermore warn that civil society organisations are increasingly facing difficulties in terms of administrative demands and co-funding of projects. Project-based funding in itself is harming the advocacy capacities of organisations. Until 2016, Croatia had a ‘National Strategy for the Creation of a Supportive Environment for the Development of Civil Society’. Although the drafting process was started, no new strategy has been adopted since then.

Good practice e-consultation

The Croatian government makes use of an e-consultation platform that allows citizens to actively take part in the policy making process.²⁵ The idea is that citizens have 30 days to express their views on newly proposed laws and by-laws. However in 2018 the e-consultations were open for only 20 on average. Over the years, an increasing number of public bodies have used the platform for public consultation.

Comparison to Country Specific Recommendations

The Country Specific Recommendations for Croatia address many of the same issues that our National Strategy Group has also highlighted. These include the low effectiveness of the social protection schemes and the need for the education system to better facilitate the transition to the labour market. They also acknowledge the importance of improving access to the labour market and encouraging genuine social dialogue. However, Civil Society Organisations besides the social partners are not mentioned and there is a lack of attention on issues concerning gender equality, low wages, precarious work, and brain drain.



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SOLIDAR is a European Network of membership based Civil Society organisations who gather several millions of citizens throughout Europe and worldwide. SOLIDAR voices the values of its member organisations to the EU and international institutions across the three main policy sectors: social affairs, lifelong learning and international cooperation.



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