

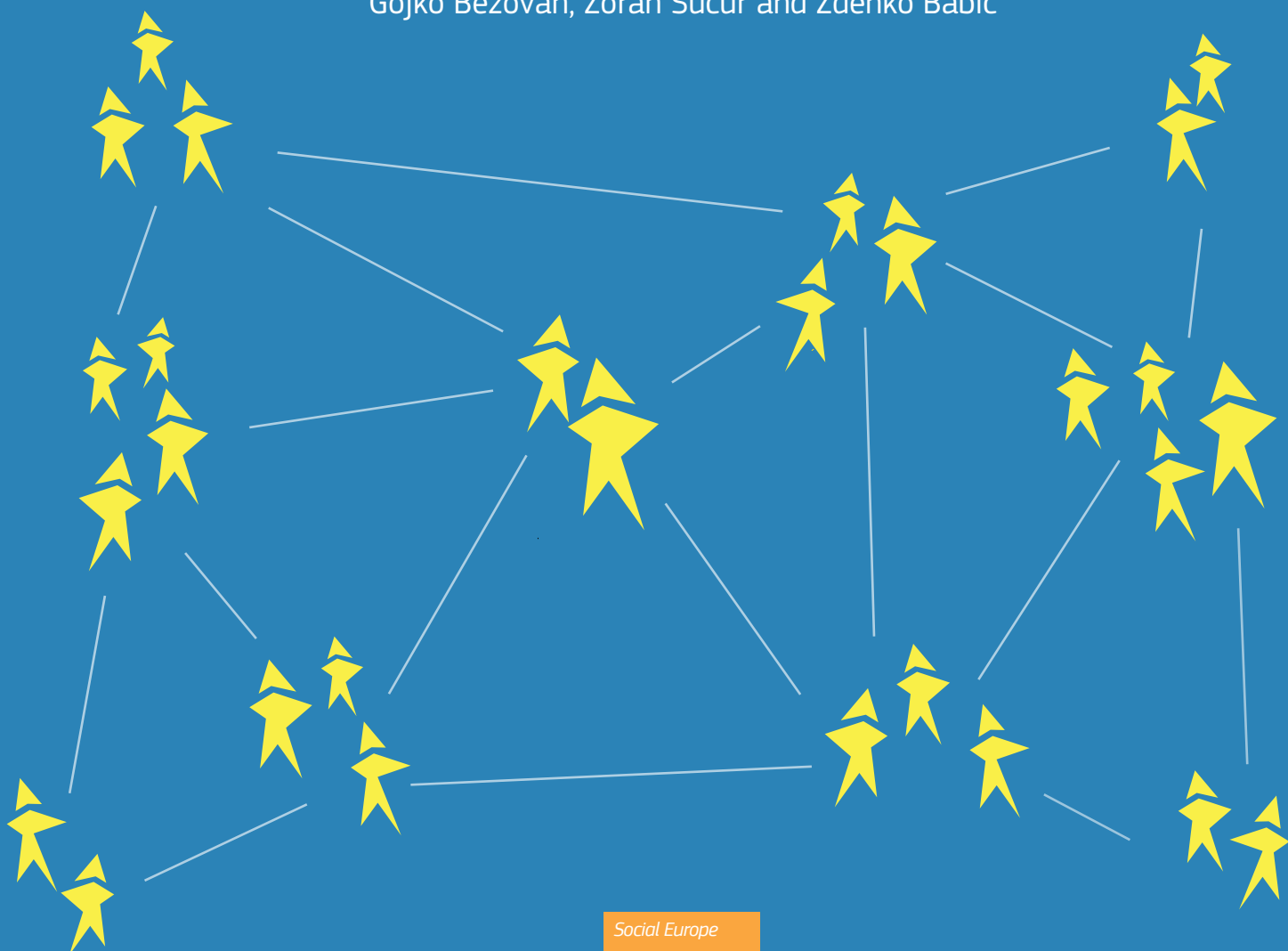


EUROPEAN SOCIAL POLICY NETWORK (ESPN)

Access to essential services for low-income people

Croatia

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European Social Policy Network (ESPN)

**ESPN Thematic Report on
Access to essential services for
low-income people**

Croatia

2020

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Summary

Although there is no national definition of essential services in Croatia, we can argue that the concept can be approached through the regulations on the minimum income scheme.

Different definitions of low-income people are used in the context of access to different services. However, social welfare beneficiaries are low-income and vulnerable groups in terms of access to a larger number of essential services, such as water, sanitation or energy. In access to other services (e.g. public transport), low-income groups are more implicitly defined.

Vulnerable residents can use reduced tariffs in their access to water and sanitation. At the national level, vulnerable consumers of energy (beneficiaries of Guaranteed Minimum Benefit and disability allowance, as well as other members of the household) are entitled to reimbursement of electricity costs. The cost of other energy sources (gas, teleheating, firewood) is covered through separate social benefits, such as housing benefit or fuel benefit, which are financed by local authorities.

Free and subsidised public transport services are available for vulnerable groups on rail, road and coastal maritime in-country passenger transport. In particular, access to local and intercity public transport for school and university students is important, because it makes education more available to all students (students from vulnerable households are eligible for free transport services).

There are no specific national measures aimed at facilitating access to digital public services for low-income people. Low-income people have not been well included or equipped with the necessary knowledge and technology to take advantage of "digital public services", which are used by better-educated citizens and users from more developed parts of Croatia.

All legally capable citizens of the Republic of Croatia and foreign natural persons who intend to make regular or occasional financial transactions can open a payment account. If the current account into which employed people receive their salary is blocked due to foreclosure, it is possible to open a protected account, where funds protected against foreclosure will be paid. One big issue is that at the end of 2019 more than 5% of Croatian citizens had their bank accounts frozen.

Access to energy is a challenge for vulnerable citizens. Even though there is no official definition of energy poverty in Croatia, indicators related to energy poverty point to its prevalence. Key barriers in access to energy are: the underdevelopment of energy infrastructure, energy inefficiency and the inability of many local authorities to finance housing benefits and meet the energy needs of their vulnerable citizens, due to lack of funds. It is necessary to adopt and implement an all-encompassing programme to prevent energy poverty, which will include development of the system for energy counselling and the provision of energy-saving measures for vulnerable households.

Vulnerable groups should be more involved in the use of e-services: they should have better information about the opportunities available to obtain services (and public information in general) through information and communication technology, and their skills and knowledge should be developed.

1 Overview of national/subnational measures aimed at supporting low-income people in accessing essential services

According to Principle 20 of the European Pillar of Social Rights (EPSR), everyone should have “the right to access essential services of good quality, including water, sanitation, energy, transport, financial services and digital communications”. Moreover, support for accessing such services should be available for those in need.¹ The importance of ensuring access to essential services is also well established globally in the framework of the United Nations 2030 Agenda for Sustainable Development and its 17 related Sustainable Development Goals (SDGs) which was endorsed in 2015 by all UN countries including all EU countries.² This report investigates the extent to which Principle 20 of the EPSR has already been implemented in the six services under scrutiny in Croatia. The group of “those in need” is restricted in the report to people on a low income and low-income households.

1.1 Definition of “essential services”

There is no national definition of essential services. However, we can approach this concept by using the Social Welfare Act, which regulates the minimum income scheme (Guaranteed Minimum Benefit – GMB). Beneficiaries of GMB are eligible for extra benefits to cover their rent, utility bills (electricity, gas, heating, water, sanitation) and other housing costs, in accordance with special regulations. Central and local authorities are jointly responsible for providing the benefits necessary to meet basic needs.

1.2 Definition of “low-income people” used in the context of access to services

There are explicit definitions of low-income people in terms of their access to water, sanitation and energy; in the context of access to public transport, digital public services and financial services, definitions are either lacking or are implicit.

Pursuant to the Law on Water Services (OG, 66/2019), a vulnerable resident is a person who is, in accordance with the social welfare regulations, entitled to housing allowance. Local authorities submit their lists of vulnerable residents to the public water service provider no later than 10 December of each year for the following year. The list is updated regularly, as the status of vulnerable inhabitants becomes available, and is submitted to the public water service provider by the 15th day of the month for the following month.

Access to energy is regulated by the Energy Act (OG, 120/2012, 14/2014, 95/2015, 102/2015, 68/2018) which defines the utilisation of different forms of energy, such as electricity, teleheating, natural gas, etc. Article 39 of the Act defines “consumers under special protection” and classifies them into two categories: “protected consumers”³ and “vulnerable consumers”. According to this article, “a vulnerable consumer” (the household) is a consumer of energy who, due to its social welfare position and/or health status, is entitled to have energy supplied under specific conditions. In other words, the

¹ The EPSR was jointly proclaimed by the European Parliament, the European Council and the European Commission on 17 November 2017. For more information on the EPSR, see: https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles_en.

² The SDGs and their targets seek to realise the human rights of all, by promoting an integrated notion of sustainable development aimed at creating synergies between economic, environmental and social policies and objectives. For more information on the SDGs, see: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

³ A protected consumer is a consumer who is entitled to the provision of a specific quantity of energy in case of partial interruption in the energy supply (the Regulation on Criteria for Acquiring the Status of Protected Consumer under the Crisis Conditions in the Gas Provision, OG 65/2015).

household can acquire the status of a vulnerable consumer of energy if it is supplied with energy through the obligatory public service within the universal service and/or through the obligatory public service supply of gas or heat energy, and if members of the household are persons:

- a) to whom bodies responsible for social welfare have assigned vulnerable social status and who need this form of social assistance; or
- b) for whom a certain level of disability has been identified (persons with special needs or persons in poor health who may be faced with a life- or health-threatening situation if the energy supply is restricted or curtailed).

The criteria for the status of vulnerable consumer of energy are stipulated by the Ministry of Demography, Family, Youth and Social Policy (MDFYSP) in its Regulation on Criteria for Achieving the Status of Vulnerable Consumer of Energy from Network Systems (OG, 95/2015). The final customer from the category of households can achieve the status of vulnerable consumer of energy from network systems if he/she is supplied with energy through the obligatory public service within the universal service and/or through the obligatory public service supply of gas or heat energy, provided he/she:

- receives Guaranteed Minimum Benefit (GMB);⁴
- is a member of a household that receives GMB;
- receives personal disability allowance; or
- lives in a household with a recipient of personal disability allowance.

Free and subsidised public transport is available to certain wider vulnerable groups. The Law on Discounts on Domestic Passenger Transport (OG, 97/2000, 101/2000, 98/2019) determines groups of persons and their attendants who have the right to discounted railway and coastal passenger transport fares on the territory of the Republic of Croatia. The law does not explicitly define low-income persons as qualifying for public transport discounts, but lists four wide user groups: primary and secondary school students, full-time university students, different subgroups of persons with disabilities, and military and civilian war-disabled persons.

Regarding the coastal maritime transport, Article 47 of the Act on Liner Shipping and Seasonal Coastal Maritime Transport (OG, 33/2006, 38/2009, 87/2009, 18/2011, 80/2013, 56/2016, 121/2019) and the Ordinance on the Conditions and Procedure for the Realisation of Rights on Subsidised Transport on Lines in Public Maritime Transport (OG, 41/2017) list those groups that are entitled to subsidised and free public transport on lines which connect the islands with the mainland and the islands with one another: children under six years of age, pupils, university students, pensioners and persons over 65 with permanent residence on the island, certain groups of persons with disabilities and certain groups of children with developmental difficulties, as well as their attendants.

1.3 Measures for facilitating access for low-income people to services

1.3.1 Access to water and sanitation

The provision of utilities (access to water and sanitation) is regulated by the Law on Utilities (OG, 18/2018, 110/2018). According to this law, "Local authorities are obliged to ensure the delivery of public utilities to vulnerable population groups in its area, with the payment of utility costs from budget funds in accordance with specific social welfare regulations (principle of protection of vulnerable categories of citizens)."

⁴ The name of the minimum income scheme in Croatia.

All utility rates are determined to ensure the gradual recoupment of costs for the construction and maintenance of utility infrastructure and the provision of utilities, while at the same time the tariffs are set so that they are acceptable to people.

The Law on Water Services (OG, 66/2019) contains principles with a component of social sensitivity:

- Water services and sanitation are provided under socially affordable conditions; that means a 60% reduction in the tariff for recipients of GMB.⁵
- The public must be informed of the essential information on the provision of water services.

Cash benefits to cover the cost of water and sanitation is part of the housing allowance programme, and GMB recipients are eligible for this payment. Also, advice and training and information services are in place for this purpose.

In Croatia, the bill for water and sanitation is combined: one local company always provides both water and sanitation services. This means that vulnerable residents enjoy favourable prices for both services. These services are part of housing costs: 50% of Croatian households report that housing costs are a heavy financial burden; 45.2% report some burden; and 4.8% no burden.⁶

According to the 2011 census, 98.2% of occupied dwellings have a water service and 98% have sanitation.

In total, 85.8% of dwellings are connected to the public water supply system, 12.4% have a water pump and 1.8% are without a water service.

As for sanitation, 55.8% of flats are connected to the public sewerage system; 41.8% have septic tanks; and 2.4% have no sanitation.

The water service provider may, for justified reasons, restrict or suspend the supply of water in accordance with the general conditions of water service delivery.

The water supply of all users may be suspended or restricted for non-payment of water bills, but for private consumers this will only happen if bills remain outstanding for at least three consecutive months within a calendar year. Suspension or restriction must be preceded by a warning and a period of no less than 15 days in which to settle all arrears.

During the suspension or limitation of delivery, the provider is obliged to supply water for human consumption – at least 50 litres per household member per day – for a period of at least eight hours a day, in a manner and place determined by the general conditions of water delivery services, taking into account vulnerable users.

During either planned or unexpected interruptions to the supply of water for human consumption, the provider is obliged to deliver water for human consumption to residents at risk of life and health and to business users who run the risk of significant material damage; and in the event of longer interruptions, it must provide all residents with at least 50 litres of water per household member per day, for a period of at least eight hours a day and at a location determined by the general terms of delivery of water services, taking into account the vulnerability of users.

1.3.2 Access to energy

Households in the category of vulnerable households are entitled to the social minimum of energy consumption, depending on the number of members of the household, the health status of members and economic status.

⁵ This is the only eligibility criterion.

⁶ <http://www.housingeurope.eu/resource-1323/the-state-of-housing-in-the-eu-2019>

An authorised social welfare centre identifies vulnerable energy consumers in an administrative procedure and sets out the amount of benefit for the vulnerable consumer, the type and scope of his/her rights and the consumer's payment obligations.

Prior to ordering the disconnection of a final household consumer, the energy provider must check the consumer's current vulnerability status with the social welfare centre, which is obliged to respond in writing within eight days. At the request of the ministry responsible for social welfare, the energy provider must submit information about a customer's monthly and/or annual energy consumption.

Pursuant to the Regulations on the Monthly Reimbursement Amount for Vulnerable Consumers of Energy, the Payment of Energy Costs and the Actions of Authorised Social Welfare Centres (OG, 140/2015), the monthly benefit available to a vulnerable consumer of energy is set at a maximum of 200 Croatian kuna (HRK) (about €27). However, the regulations stipulate that the right to an energy subsidy covers only the reimbursement of electricity costs, and that the funds can be used to pay electric bills in branch offices of the Finance Agency (FINA).⁷ On the first day of every month, the responsible social welfare centres send FINA electronically the data on those users who, on that day, are registered as recipients of the benefit for vulnerable energy consumers. In addition, the social welfare centres submit to FINA on a daily basis information about new beneficiaries and revised data about existing claimants. Beneficiaries do not receive a cash payment, but have at their disposal up to HRK 200, which they can only use to pay their electric bills. According to data from the MDFYSP, in 2018 some 60,443 households received the benefit for vulnerable energy consumers.

The cost of other energy sources (gas, teleheating, firewood) is covered through separate social benefits, such as housing benefits or fuel benefits. Only GMB users are entitled to housing benefits, which can be used to pay for teleheating or gas. Local authorities (cities and municipalities) are obliged to finance the housing benefits and can provide them in cash or in kind. Also, GMB recipients who heat their homes using firewood are entitled to fuel benefit: once a year they receive HRK 950 (€128).⁸ This benefit is financed by central government, but the regional authorities (counties and the City of Zagreb) decide on its allocation. In 2018, 22,768 households received the housing benefit and 47,136 households received the fuel benefit (according to the MDFYSP).

Consumers of electricity, gas or teleheating can get advice and information about possible energy savings, mainly from the offices of the Croatian Electricity Company (HEP) or on its internet website. Article 63 of the Electricity Power Market Act (OG, 22/2013, 95/2015, 102/2015, 68/2018) states: "Each supplier is obliged to regularly inform final customers about energy-saving improvement measures in the final consumption of energy." The Environmental Protection and Energy Efficiency Fund finances various energy-saving projects (e.g. energy upgrading of family houses through the replacement of exterior woodwork, better thermal cladding, etc.), issues brochures and publishes a magazine to promote energy efficiency. Also, advice and information about saving energy are provided by different non-governmental organisations. For instance, the Society for Sustainable Development Design is a civil society organisation of experts devoted to the promotion of sustainable energy development. It has implemented many projects dealing with energy efficiency and energy poverty. Many brochures, studies and recommendations on energy efficiency are available on the organisation's website.

⁷ FINA is the state-owned finance company and provides financial and electronic services throughout Croatia.

⁸ The Social Welfare Act envisages different forms of the benefit, but benefits are provided only very rarely in kind (direct delivery of 3m³ of firewood).

1.3.3 Access to public transport

Pupils who belong to a household with a GMB beneficiary and children who are without parental care or are in care are entitled to completely free local and intercity public transport.

At the subnational level (counties, cities and municipalities), there are numerous measures granting free local public transport to particular population groups, such as children, students, the elderly, the unemployed, persons with disabilities and so on, with or without a means test. For instance, pursuant to the Decision on Social Welfare of the City of Zagreb (Official Journal of the City of Zagreb 26/2014, 19/2015, 6/2016, 16/2016, 23/2016, 4/2019), the right to a free yearly or monthly ticket for the city's public transport is available to: 1) pensioners or persons over 65 whose total income is less than HRK 3,200 per month (€432), 2) disabled recipients of GMB and those unable to work and earn, 3) persons with parent-caregiver or caregiver status, 4) unemployed persons with disabilities, 5) family members of killed, captured or disappeared Croatian Homeland War veterans, 6) full-time school or university students from a household whose total monthly income per member is less than HRK 2,000 (€270), 7) people granted asylum and foreigners under subsidiary protection residing in the City of Zagreb, 8) unemployed persons whose total monthly income per household member is less than HRK 2,000 (€270), 8) voluntary blood donors (men who have given blood 30 or more times and women who have given blood 20 or more times).

1.3.4 Access to digital public services

There are no specific national measures in Croatia aimed at facilitating access to digital public services for low-income people. There are certain IT and computer courses provided usually free of charge, mainly for senior citizens through public open universities in some bigger cities such as Zagreb,⁹ Split, Rijeka¹⁰ and Osijek.¹¹ Although old people are very often low-income people in Croatia, due to the low pensions, only a few cities (such as Rijeka and Zagreb) organise IT and computer courses for poor people, such as social assistance beneficiaries. After acquiring basic IT and software skills (Windows, MS Office, internet browser), the aforementioned groups are usually offered a course on how to use the E-Citizen platform. This platform was developed in Croatia in 2014, and it provides certain public services online, such as: e-certificates of residence and vehicle ownership, e-prescriptions, sharing of medical information and other e-health services, enrolment on study programmes, electoral roll data, and many other services.

According to a 2019 European Commission Digital Economy and Society Index (DESI) report, Croatia is lagging behind other EU member states in terms of the digitalisation of public services. According to DESI, Croatia ranked 20th out of the 28 EU Member States.¹²

The platform e-Citizen was launched in 2014, the number of unique users in the e-Citizens amounted to 811,520 in 2019. E-citizen platform statistics also provide user data by county, and it is clear from the data that the platform is used much more in more-developed parts of Croatia, like Zagreb (31% of all users), followed by Split-Dalmatia County (about 9%); meanwhile users from less-developed areas (Lika-Senj County and the eastern part of Croatia) make up less than 1%. These data could indicate that the users of digital public services in Croatia are mostly concentrated in the better-educated population, while low-income and poor people (who are more concentrated in less-developed areas) do not use the e-Citizen platform or use it very rarely.

⁹ <https://www.mojevrijeme.hr/magazin/2019/09/centri-za-kulturu-i-otvorena-ucilista-pozivaju-umirovljenike-dodite-na-radionice/>

¹⁰ <https://gov.rijeka.hr/zahtjevi-i-obrasci/informaticka-djelatnost/besplatni-informaticki-tecaj/475>

¹¹ <https://radio.hrt.hr/radio-osijek/clanak/besplatni-tecaj-informatike-za-umirovljenike/165690/>

¹² <https://data.consilium.europa.eu/doc/document/ST-10211-2019-INIT/en/pdf>

Even though the actual Strategy for Combating Poverty and Social Exclusion in the Republic of Croatia envisages the provision of some educational programmes aimed at improving the educational competencies of the poor – such as encouraging lifelong learning and increasing the number of adults enrolled in education programmes – there is no specific measure dealing with improving digital skills among poor people in Croatia. There are only certain courses provided at the local level by bigger cities, and these are directed towards senior citizens (who are usually low-income citizens).

Therefore, even though new e-public services are being developed and integrated into the e-Citizen system almost monthly, it would seem that low-income people have not been well included or equipped with the necessary knowledge and technology to take advantage of “digital public services”, which are used by 20% of better-educated Croatians. Improvement in this area should become a priority in strategic documents and measures in Croatia in future.

1.4 Access to financial services (Directive 2014/92/EU)

According to data released by the Croatian National Bank in the Unified Register of Accounts in Croatian Credit Institutions, on 30 September 2019 there were 10,571,669 accounts opened, of which 7,815,073 were payment accounts. According to FINA, 3,759,396 Croatian citizens have one or more accounts with Croatian credit institutions (banks and savings banks), meaning that around 90% of all Croatian citizens have a bank account.¹³

At the end of November 2019, according to data released by FINA, 241,807 citizens (more than 5% of the total population and around 7% of the working-age population – i.e. 15 years or over) had their accounts frozen for failure to meet their debt-repayment obligations; the total volume of debt amounted to almost HRK 17 billion.¹⁴ If the current account into which employed people have their salary paid is frozen on account of foreclosure, they can open a protected account, into which funds protected against foreclosure will be paid (regulated by the Enforcement Law). The account can be operated without restriction, and the bank does not charge any fees to open, maintain or close such an account. Thus, the protected account in Croatia is a special transaction account in a bank that is used to help citizens in financial difficulties to hold and disburse financial means needed for “ordinary life costs”; this is in line with Article 15 of Directive 2014/92/EU, which prescribes that: “Member States shall ensure that credit institutions do not discriminate against consumers legally resident in the Union by reason of their nationality or place of residence or by reason of any other ground as referred to in Article 21 of the Charter.”

The debtor starts the procedure to open a protected account by completing a Notice of Receipts, Fees and Amounts exempted from enforcement and submitting it to FINA. Upon receipt of this notice, FINA is obliged immediately to submit to any “payer” listed in the notice (e.g. an employer) information about the debtor and instructions to suspend a proportion of payments to the frozen account; and instructions to the bank to open a special protected account. On receipt of this information, the payer immediately suspends payment to the debtor’s current account of any sums that are exempted from the foreclosure, and instead pays them into the protected account.

Pursuant to Articles 172 and 173 of the Enforcement Law:¹⁵

- if the employee’s net wage is less than the average net wage in Croatia: three-quarters of the employee’s wage – but no more than HRK 4,289 (€575) – goes

¹³ <https://www.tportal.hr/biznis/clanak/nove-brojke-otkrivaju-koliko-imamo-racuna-u-bankama-i-stedionicama-tu-su-i-neki-novi-trendovi-u-stednji-20191031>

¹⁴ <https://www.dnevno.hr/vijesti/fina-objavila-podatke-evo-koliko-je-ljudi-u-hrvatskoj-blokirano-1405321/>

¹⁵ <https://www.zakon.hr/z/74/Ovr%C5%A1ni-zakon>

into the protected account; the rest goes into the regular account (and may be used to enforce debt payments);

- if the employee's net wage is at or higher than the average in Croatia: two-thirds of the employee's wage goes into the protected account, and the rest goes into the regular account (and may be used to enforce debt payments).

Protection of workers on the minimum wage: If the employee earns the minimum wage, the total minimum wage should be paid into the protected account.

Income exemption from enforcement: The Enforcement Law defines social benefits and other similar kinds of income which are protected from enforcement, such as: disability benefits, social assistance benefits, unemployment benefits, childcare benefits, healthcare benefits, maternity benefits, scholarships, etc. They are all protected from enforcement foreclosure.

2 National/subnational policy frameworks and reforms

2.1 National/subnational policy frameworks

In the Strategy for Combating Poverty and Social Exclusion in the Republic of Croatia (2014–2020), “housing and the availability of energy” is mentioned as one of the strategic areas of anti-poverty policy. The strategy points to the need to define the status of vulnerable and protected energy consumers, and indicates several options for supporting vulnerable households: directly through the state budget, a solidarity fund or through the introduction of social welfare tariffs.

Regarding access to public transport, this is not a separate strategic area in the Strategy for Combating Poverty and Social Exclusion in the Republic of Croatia (2014–2020). The strategy mentions access to public transport only in the field of “education and lifelong learning”, pointing out that subsidising local and intercity public transport for pupils in secondary education should be continued, because it has made education more available to all pupils, and especially to those from underdeveloped areas.

In the Strategy e-Croatia 2020 (Ministarstvo uprave, 2017) prepared by the Ministry of Public Administration, it is stated that the Central National Portal Website Design Guidelines should seek to ensure the appropriate Web Content Accessibility Guidelines in line with Directive 2016/210 /EU of the European Parliament and the Council on facilitating access to the websites of public sector bodies.

Also, the Strategy e-Croatia 2020 stresses that vulnerable groups should be involved in the use of e-services, both by informing them of the opportunities to obtain these services and public information in general through ICT, and by developing skills and knowledge. Educational programmes should be offered and should encourage and motivate all groups to use information communication technologies, especially groups like the elderly, poor people and people without education or with only lower education, smaller minority groups, the unemployed, etc. However, for the time being, it seems that the aforementioned measures proposed in the strategy by the central government have not yet been implemented.

2.2 Ongoing or announced reforms

Planned reforms in access to energy can be found in the draft proposal for the Energy Strategy of the Republic of Croatia to 2030 with View to 2050 (2019),¹⁶ which emphasises the importance of implementing particular measures of energy policy and connecting new technical and technological solutions with energy poverty alleviation measures. The draft proposal states that it is necessary to make, adopt and implement a comprehensive programme to prevent energy poverty, which should have the following components:

- a unique model for the payment of energy costs for energy-poor households;
- energy counselling for energy-poor households; and
- measures for the energy upgrading and energy-saving improvement of energy-poor households.

According to the draft proposal, only a combination of these components will ensure the permanent reduction of energy costs for energy-poor households, enhance their living conditions and reduce the social welfare expenditure required for such households.

In addition, one of the working groups preparing the draft of a new Social Welfare Act has proposed that access to different energy sources for vulnerable energy consumers could be ensured by transforming the fuel benefit (which currently only covers the cost of

¹⁶ <https://esavjetovanja.gov.hr/ECon/MainScreen?entityId=10936>

firewood) and making it available to consumers of other energy sources for heating (gas, oil, etc.). Another problem is related to the fact that the fuel benefit is paid once a year in cash, but no one checks up on what the money is actually spent on.

There has been a proposal for housing benefit to be centralised and financed by central government (Šućur et al., 2016), but larger local authorities (especially cities) oppose this, because they want to manage this benefit (which is generally delivered to households), so that they pay the providers direct. A further issue is how to help local authorities that are really poor and do not have the funds to finance the housing benefit.

At the national level, no significant reforms related to access to public transport have yet been announced.

3 A focus on access to energy

Even though there is no official definition of energy poverty in Croatia, indicators related to energy poverty point to its prevalence. The average Croatian household spends 15.7% of its budget on housing and energy (Figure A1, Annex 2); 9.9% of its budget goes on energy (Figure A2-A, Annex 2). Expenditure on electricity accounts for about 47% of total energy costs (Figure A2-B, Annex 2). The share of housing and energy costs increased for households in the bottom two income deciles between 2010 and 2017. For example, the poorest 10% spent 31.4% of the household budget on housing and energy in 2017, compared to 20.2% in 2010 (Figure A1, Annex 2). Other indicators related to energy poverty show that:

- about 50% of all households and 76.8% of poor households state that the housing costs are a heavy financial burden for their households (Figure A3, Annex 2);
- 21.2% of poor households cannot keep the home adequately heated (Figure A4, Annex 2); and
- 29.7% of poor households have utility bill arrears (in 2013 and 2014 this share was over 45%) (Figure A5, Annex 2).

It has been established that those households which are social welfare beneficiaries are more frequently energy poor than the average, and that single-parent families are more frequently energy poor than families with both parents. Furthermore, pensioners are more often in energy poverty than are employed people. It is to be expected that households in mountainous areas and in the central, northern and eastern parts of Croatia will have greater difficulties in wintertime, due primarily to the need for energy to heat the home.

One of the problems in access to energy is the underdevelopment of the energy infrastructure. Some households do not have a connection to the electric grid – primarily because of the destruction of infrastructure that occurred during the war in the early 1990s. Such households are located in sparsely populated areas, where major investment in the electric-power infrastructure is required, and where there are only very few potential consumers of energy from the grid. It is hard to specify the actual number of households without an electrical connection. According to the 2011 census, 0.17% (2,537) of all inhabited dwellings in Croatia do not have electric current. Some returnees from the Serbian minority that moved back to settlements with a very small number of inhabitants have been faced with the problem of living in houses without power. In order to enable access to energy in those areas without the electric-power infrastructure, households are provided with solar panels or generators.

Another problem in accessing energy stems from the fact that the benefit for vulnerable consumers of energy can only be used to pay electric bills, and not bills for other energy sources. That is why local and regional authorities, pursuant to the Social Welfare Act, are obliged to finance the cost of other energy sources, such as gas, wood, etc. However, some local authorities, which have to finance the housing benefits, do not have enough funds to meet the energy needs of their vulnerable citizens. In other words, some local authorities do not finance the costs of housing at all, in breach of the regulations of the Social Welfare Act; they justify this by pointing to the lack of funds in local budgets. On the other hand, some local authorities finance the housing benefits only in small part or symbolically; thus vulnerable households are unable to meet their need for some energy products. To date, this problem has not been solved in an appropriate manner.

Besides, households in some parts of Croatia (primarily Dalmatia and Lika) do not have access to natural gas, as the distribution systems and consumption of natural gas are

spreading too slowly (although the gas transport system covers 95% of the territory of Croatia).¹⁷

Energy inefficiency also makes access to energy difficult. Research carried out on 394 households (mainly claimants of GMB or personal disability allowances) in the poor Sisak-Moslavina County showed that households spend more on electricity than the Croatian average, and that the consumption of energy for heating is more than double the national average (Robić, 2016a, 2016b). Most buildings where respondents lived were without any form of insulation (family houses without cladding, with old woodwork and double windows, and with simple heating systems (standalone ovens located in one room and which heat surrounding rooms if the doors are kept open). Most often, firewood is used for heating, as it is cheaper and more readily available. Because the temperature cannot be regulated and the heat circulation is inadequate, wood-fired ovens and old central-heating systems are inefficient and often damaging both to the environment and to the health of household members.

Such use of energy can affect the health and activities of members of a household. During the winter months, more than a fifth of households live in a smaller residential space in order to save on the heating (e.g. they leave one or more rooms locked and do not heat them). Research has confirmed limited access to some energy services (heating, cooking, washing, cooling and lighting) or a complete lack of access to particular services. Household appliances (freezers, refrigerators, washing machines and water-heaters), as well as light fixtures, are often old and inefficient. A significant number of respondents (55%) stated that they had trouble in their business and/or domestic activities due to damaged health. Some 20% of respondents specified that their ability to participate in social activities had been reduced because of health problems. Those respondents who had been exposed to continuous draughts around windows reported worse physical health. Problems connected with heating and energy may affect not only the physical health of people, but also their mental health: respondents who have difficulty in paying their heating bills reported worse mental health than those who have no such difficulties.

According to Robić (2016a), energy-saving improvement measures can have a positive influence on energy-poor households in several ways:

- A list of priority groups should be drawn up for energy upgrading and measures to improve energy efficiency (including the renovation of facades, roofs, woodwork, etc.). Those households with the status of vulnerable energy consumers would be high on the list. They could be entitled to a programme of renovation according to a defined amount of residential space per member of a household for different household types (households with children, pensioners, single parents and so on). Energy upgrading can have a positive impact, through a reduction in state outlays for their health care because of better living conditions.
- Over a 10-year period, all households with vulnerable consumers of energy would be equipped with the basic materials to improve their housing conditions and reduce energy costs (e.g. energy-saving lightbulbs, sealant for windows, thermometers, water limiters, heat-reflective film for behind the radiator). Simultaneously, the households would get advice and instructions on the rational use of energy.
- The energy providers would also be obliged to achieve energy savings for final consumers. These would be possible through alternative measures, criteria for the computation of energy savings, obligatory quota savings for each distributor of

¹⁷ *Desetogodišnji plan razvoja plinskog transportnog sustava Republike Hrvatske 2014. – 2023.* [The Ten-Year Development Plan of the Gas Transport System of the Republic of Croatia 2014–2023]. Available at: https://www.hera.hr/hr/docs/2014/Prijedlog_2014-06-18.pdf

energy, etc. A specified target (e.g. a 10% saving) could be set for vulnerable consumers of energy.

- A “new-for-old” exchange scheme for worn-out domestic appliances (e.g. fridge-freezers).
- An important step at the national level would be to establish a system for energy counselling and to provide simple energy-saving measures for vulnerable households. The system could be set up at the national and the county level. Energy counselling and simple energy-saving measures could be implemented by associations that provide social services in the field, or by consultants employed in local authorities.

Pursuant to the Decision on the Amount of Fees for the Use of Space by Electric Energy Production Facilities (OG 84/2013, 101/2013), the fees that producers of energy must pay to local authorities can be used for social welfare programmes and to help people in vulnerable households. However, these sources of funds are very limited, given that there are about 70 power plants in Croatia (hydroelectric power stations, thermal power stations, industrial power plants) as opposed to 555 local authorities. This means that such a decision could benefit only a small proportion of local authorities.

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Annex 1

Table A1: Essential service – Water

1) Definition of “low income” used in the context of the delivery of the service in the country:¹⁸

A vulnerable resident is a person who, in accordance with the social welfare regulations, is entitled to housing allowance. Local authorities submit their lists of vulnerable residents to the public water service provider no later than 10 December of each year for the following year.

2) Measures aimed at facilitating access for low-income people to water (for hygiene purposes, to cook...) in the country:

	National (*)	Subnational	
		Regional (only if <i>no</i> for national) (**)	Local (only if <i>no</i> for national) (**)
Reduced tariffs	No	No	Yes-all
Cash benefits	No	No	Yes-most
In-kind benefits	No	No	No
Advice/training or information services	No	No	Yes-few
Provision of a basic/uninterrupted supply	No	No	Yes-few

(*) For each measure: Does the measure exist in the country at national level (“Yes”/“No”)?

(**) **Only** if the measure does not exist at national level **and** if the service is organised at subnational level: Does the measure exist at regional level (Yes in all regions; Yes in most regions; Yes but only in a few regions; No)? And at local level (Yes in all local entities; Yes in most local entities; Yes but only in a few local entities; No)? Important: if a measure exists as a **general social support measure**, not specifically aimed at facilitating access for low-income people, the answer is “No”.

¹⁸ **National definition** used in this context (most frequently used definition if there is more than one definition). **Only if** there is no national definition **and if** the service is organised at subnational level, most common definition used in this context at regional (if any) or local (if any) level.

Table A2: Essential service – Sanitation

1) Definition of “low income” used in the context of the delivery of the service in the country:¹⁹

A vulnerable resident is a person who, in accordance with the social welfare regulations, is entitled to housing allowance. Local authorities submit their lists of vulnerable residents to the public water service provider no later than 10 December of each year for the following year.

2) Measures aimed at facilitating access for low-income people to sanitation (i.e. systems for taking dirty water and other waste products away from dwellings in order to protect people’s health) in the country:

	National (*)	Subnational	
		Regional (only if <i>no</i> for national) (**)	Local (only if <i>no</i> for national) (**)
Reduced tariffs	No	No	Yes-all
Cash benefits	No	No	Yes-most
In-kind benefits	No	No	No
Advice/training or information services	No	No	Yes-few

(*) For each measure: Does the measure exist in the country at national level (“Yes”/“No”)?

(**) **Only** if the measure does not exist at national level **and** if the service is organised at subnational level: Does the measure exist at regional level (Yes in all regions; Yes in most regions; Yes but only in a few regions; No)? And at local level (Yes in all local entities; Yes in most local entities; Yes but only in a few local entities; No)? Important: if a measure exists as a **general social support measure**, not specifically aimed at facilitating access for low-income people, the answer is “No”.

¹⁹ **National definition** used in this context (most frequently used definition if there is more than one definition). **Only if** there is no national definition **and if** the service is organised at subnational level, most common definition used in this context at regional (if any) or local (if any) level.

Table A3: Essential service – Energy

1) Definition of “low income” used in the context of the delivery of the service in the country:²⁰

The final consumer from the category of households can achieve the status of vulnerable consumer of energy from network systems if he/she is supplied with energy through the obligatory public service within the universal service and/or through the obligatory public service supply of gas or teleheating provided that he/she: a) is the recipient of Guaranteed Minimum Benefit, b) is a member of a household that receives Guaranteed Minimum Benefit, c) receives personal disability allowance, d) lives in a household with the recipient of personal disability allowance.

2) Measures aimed at facilitating access for low-income people to energy (to light dwellings, heat or cool dwellings, use home appliances) in the country:

	National (*)	Subnational	
		Regional (only if <i>no</i> for national) (**)	Local (only if <i>no</i> for national) (**)
Reduced tariffs	No	No	No
Cash benefits	No	Yes-few	Yes-all
In-kind benefits	Yes		
Advice/training or information services	No	No	No
Provision of a basic/uninterrupted supply	Yes		

(*) For each measure: Does the measure exist in the country at national level (“Yes”/“No”)?

(**) **Only** if the measure does not exist at national level **and** if the service is organised at subnational level: Does the measure exist at regional level (Yes in all regions; Yes in most regions; Yes but only in a few regions; No)? And at local level (Yes in all local entities; Yes in most local entities; Yes but only in a few local entities; No)? Important: if a measure exists as a **general social support measure**, not specifically aimed at facilitating access for low-income people, the answer is “No”.

²⁰ **National definition** used in this context (most frequently used definition if there is more than one definition). **Only if** there is no national definition **and if** the service is organised at subnational level, most common definition used in this context at regional (if any) or local (if any) level.

Table A4: Essential service – Public transport

1) Definition of “low income” used in the context of the delivery of the service in the country:²¹

Low-income persons who benefit from subsidised domestic public transport in Croatia are: children at primary and secondary school, full-time university students, different subgroups of persons with disabilities, and military and civilian war-disabled persons.

Regarding the coastal maritime transport, those entitled to free transport include children of preschool age, pupils, university students, pensioners and persons older than 65 with permanent residence on the island, certain groups of persons with disabilities and certain groups of children with developmental difficulties, as well as their attendants.

2) Measures aimed at facilitating access for low-income people to public transport in the country:

	National (*)	Subnational	
		Regional (only if <i>no</i> for national) (**)	Local (only if <i>no</i> for national) (**)
Reduced tariffs	No	No	Yes-most
Cash benefits	No	No	No
In-kind benefits	No	No	Yes-most
Advice/training or information services	No	No	No

(*) For each measure: Does the measure exist in the country at national level (“Yes”/“No”)?

(**) **Only** if the measure does not exist at national level **and** if the service is organised at subnational level: Does the measure exist at regional level (Yes in all regions; Yes in most regions; Yes but only in a few regions; No)? And at local level (Yes in all local entities; Yes in most local entities; Yes but only in a few local entities; No)? Important: if a measure exists as a **general social support measure**, not specifically aimed at facilitating access for low-income people, the answer is “No”.

²¹ **National definition** used in this context (most frequently used definition if there is more than one definition). **Only if** there is no national definition **and if** the service is organised at subnational level, most common definition used in this context at regional (if any) or local (if any) level.

Table A5: Essential service – Digital public services

1) Definition of “low income” used in the context of the delivery of the service in the country:²²

No definition.

2) Measures aimed at facilitating access for low-income people to digital public services (e.g. digital post, digital fiscal services, digital social security services, digital health care appointments...) in the country:

	National (*)	Subnational	
		Regional (only if <i>no</i> for national) (**)	Local (only if <i>no</i> for national) (**)
Reduced tariffs	No	No	No
Cash benefits	No	No	No
In-kind benefits	No	No	No
Advice/training or information services	No	No	Yes-few
Provision of a basic/uninterrupted supply	No	No	No

(*) For each measure: Does the measure exist in the country at national level (“Yes”/“No”)?

(**) **Only** if the measure does not exist at national level **and** if the service is organised at subnational level: Does the measure exist at regional level (Yes in all regions; Yes in most regions; Yes but only in a few regions; No)? And at local level (Yes in all local entities; Yes in most local entities; Yes but only in a few local entities; No)? Important: if a measure exists as a **general social support measure**, not specifically aimed at facilitating access for low-income people, the answer is “No”.

²² **National definition** used in this context (most frequently used definition if there is more than one definition). **Only if** there is no national definition **and if** the service is organised at subnational level, most common definition used in this context at regional (if any) or local (if any) level.

Table B1: Essential services – Summary table

- 1) Measures aimed at facilitating access for low-income people to the different services that exist at national, regional and/or local level in the country.
- 2) Broader policy framework under which all or some of these measures are organised in the country.
- 3) Ongoing or announced reforms of the measures and/or related frameworks aimed at (further) enhancing effective access to the service for low-income people in the country.

	1. Measures (NAT, SUBNAT, BOTH, NONE) (*)	2. Policy framework (**)		3. Ongoing or planned reforms (Yes/No)
		National (Yes/No)	Subnational (Yes/No)	
Access to water	SUBNAT	Yes	No	No
Access to sanitation	SUBNAT	Yes	No	No
Access to energy	BOTH	Yes	No	Yes
Access to public transport	SUBNAT	No	Yes	No
Access to digital public services	SUBNAT	Yes	No	Yes
Access to basic financial services (***)	Not applicable	Yes	No	No

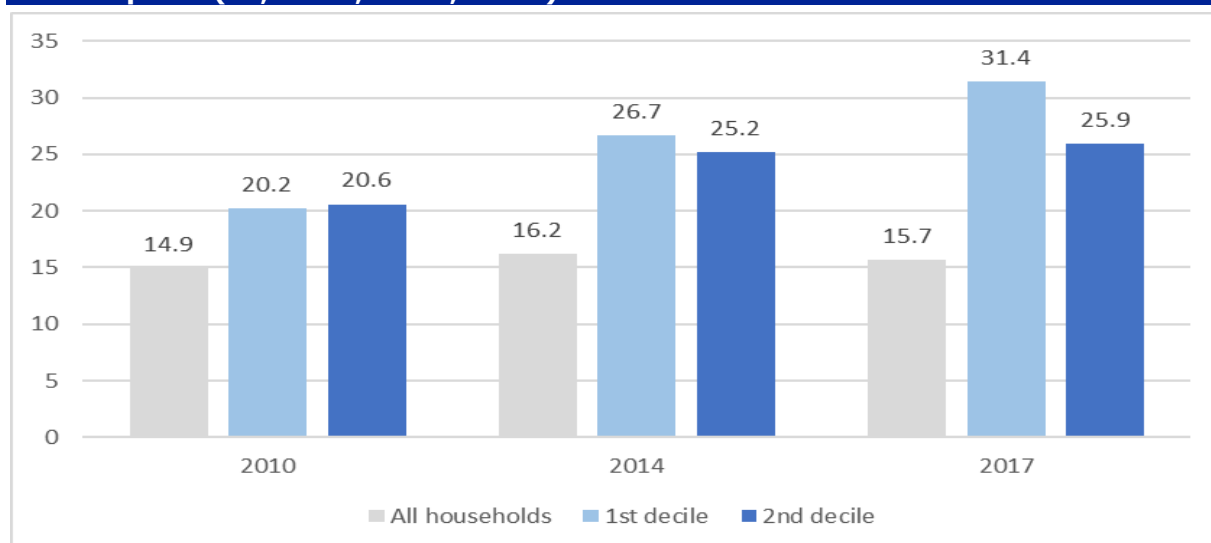
(*) This column summarises the response provided in Tables A1-A5 above. "NAT" means that all the measures that exist in favour of low-income people are national measures; "SUBNAT" means that there are no national measures but some of/all the measures that exist are subnational measures; BOTH means a mix of NAT and SUBNAT; "NONE" means that there are no measures, be it at national or subnational level.

(**) Is there a broader national policy framework under which all or some of these measures are organised in the country for some of/all the services under scrutiny ("Yes"/"No")? **Only if** there is no such national framework for one service **and if** the service is organised at subnational level: Is there a broader subnational policy framework under which all or some of these measures are organised for this service ("Yes"/"No")?

(***) Open and use payment accounts with basic features (Directive 2014/92/EU).

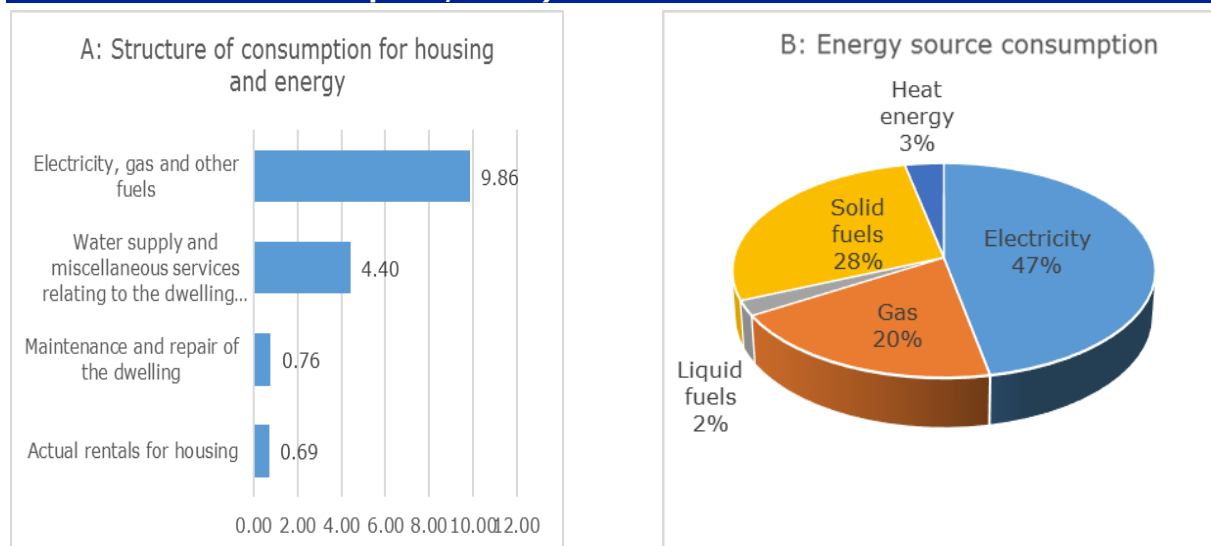
Annex 2: Access to energy

Figure A1: Share of expenditure on housing and energy in total household consumption (% , 2010, 2014, 2017)



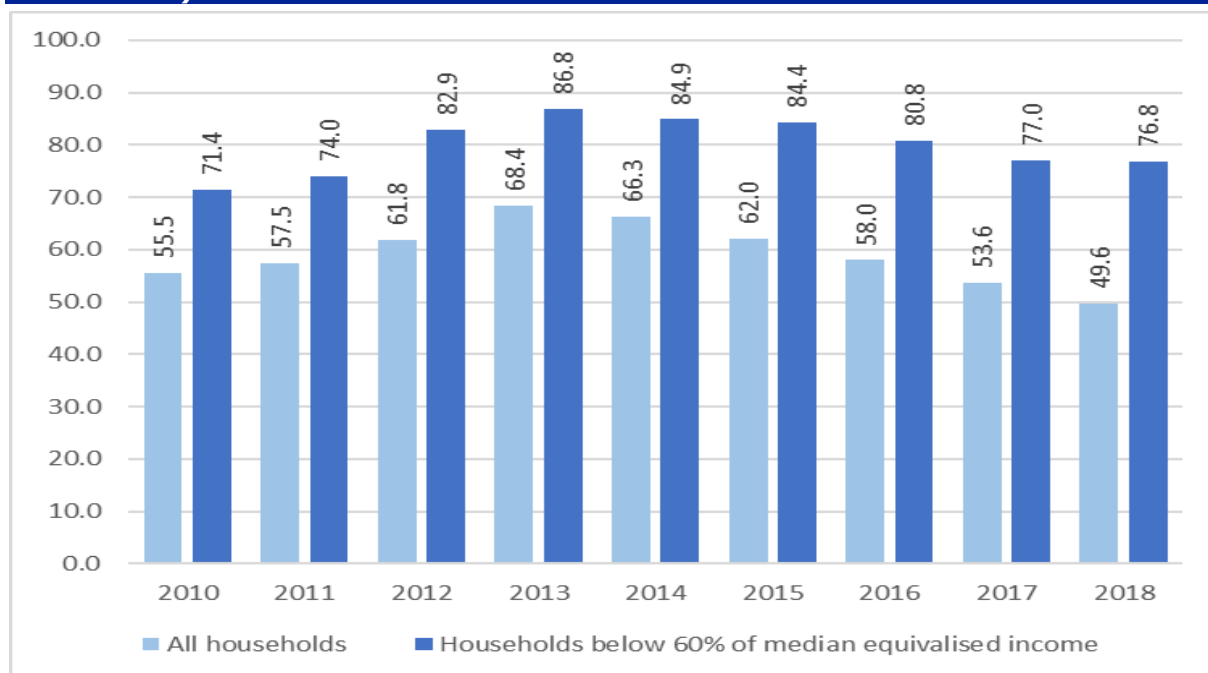
Source: Državni zavod za statistiku [Croatian Bureau of Statistics] Rezultati ankete o potrošnji kućanstava, 2010, 2014, 2017 [Results of Household Budget Survey], 2010, 2014 and 2017 (available at: <https://www.dzs.hr/>).

Figure A2: Composition of household expenditure on housing and energy (% of total household consumption, 2017)



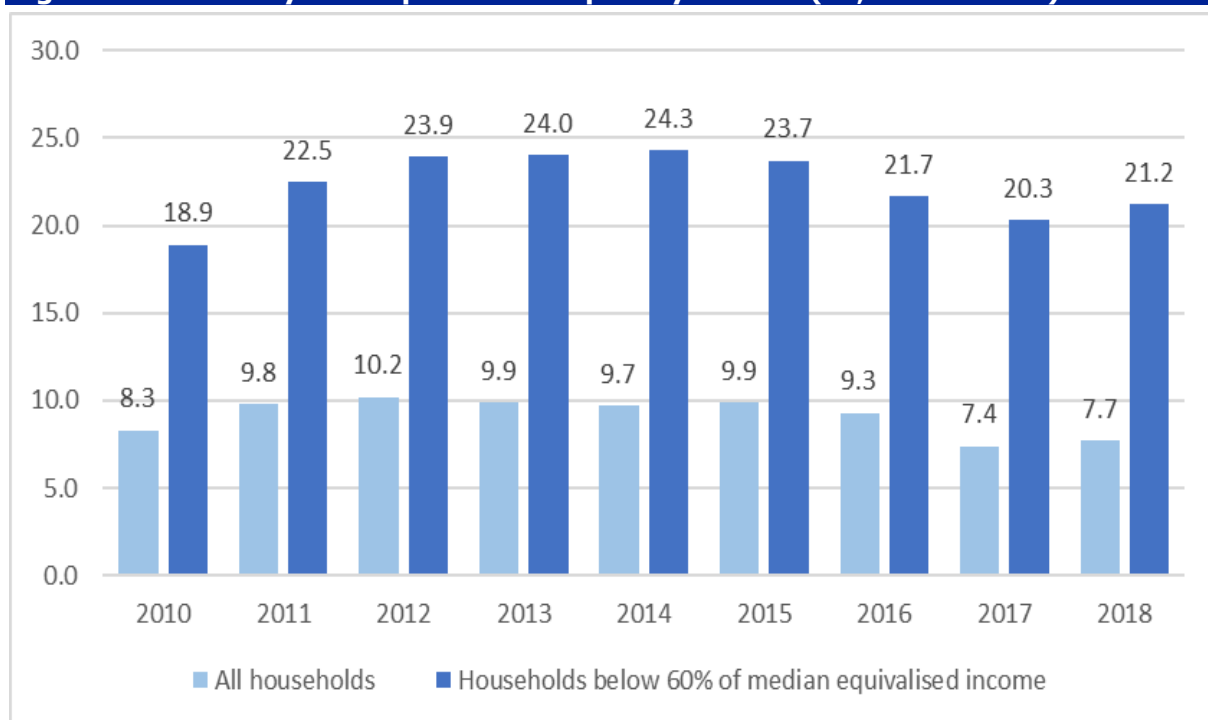
Source: Državni zavod za statistiku [Croatian Bureau of Statistics] Rezultati ankete o potrošnji kućanstava, 2017 [Results of Household Budget Survey], 2017 (available at: <https://www.dzs.hr/>).

Figure A3: Households with heavy financial burden due to housing costs (% , 2010–2018)

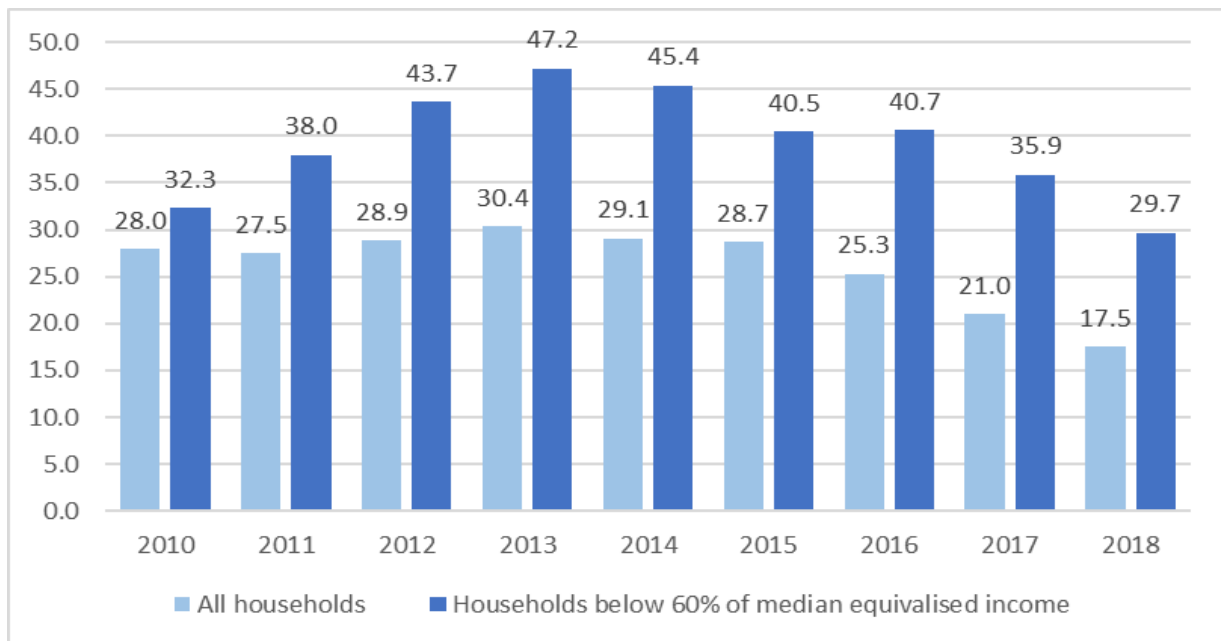


Source: Eurostat (ilc_mdmed04).

Figure A4: Inability to keep home adequately heated (% , 2010–2018)



Source: Eurostat (ilc_mdmed01).

Figure A5: Arrears on utility bills (% , 2010–2018)

Source: Eurostat (*ilc_mdcd07*).

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