

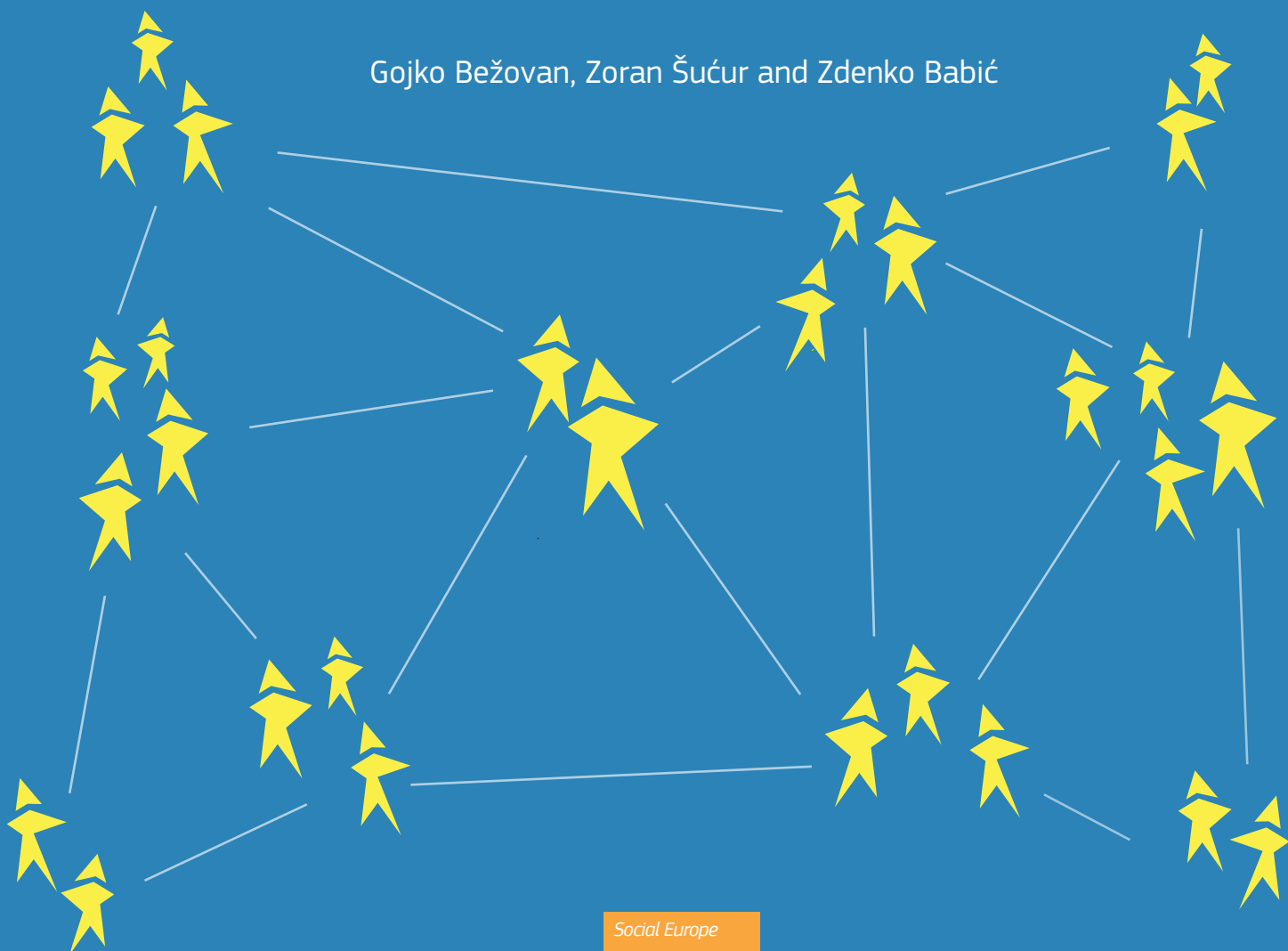


EUROPEAN SOCIAL POLICY NETWORK (ESPN)

Social protection and inclusion policy responses to the COVID-19 crisis

Croatia

Gojko Bežovan, Zoran Šućur and Zdenko Babić



EUROPEAN COMMISSION

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European Social Policy Network (ESPN)

**ESPN Thematic Report:
Social protection and inclusion
policy responses to the
COVID-19 crisis**

Croatia

2021

Gojko Bežovan, Zoran Šućur and Zdenko Babić

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SUMMARY

Between Monday 3 February 2020 and Sunday 18 April 2021, the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Croatia, it was 7,859. The total number of deaths per 100,000 people was 151 for the EU-27, versus 167 in Croatia.

The first anti-COVID-19 package adopted in March 2020 included support for preserving jobs and was implemented by the Croatian Employment Service (CES). In March 2020, government support to employers covered 100% of minimum net wages (€433) and associated health insurance and pension contributions (€195) per employee (€628 in total). In April 2020, the support was raised to €533 plus social security contributions (€195), thus reaching a total of €728 per employee. The two most important measures included support for preserving jobs and support for a short-time work scheme funded from the EU's SURE programme.

The highest number of employees covered was registered in March and April 2020 – around one third of the total number of employees according to labour force survey (LFS) data in 2020. The total disbursements related to job preservation and short-time work from the state budget in 2020 have been estimated at HRK 8 billion (€1.01 billion), and the latest available figures reveal that in the period March 2020 to March 2021 this figure exceeded HRK 10.2 billion (€1.36 billion).

If a worker – under all types of contracts – has to be in isolation or self-isolation because they have the symptoms of COVID-19 and/or meet certain epidemiological criteria (e.g. they have been in close contact with an infected person), they are entitled to sickness benefit. For sick leave caused by an occupational disease, sickness benefit is charged to the Croatian Institute of Health Insurance (CIHI) from the first day, and is based on the net average salary paid in the previous six months. All working parents (employed and self-employed) who have to take care of children or family members infected by the virus are entitled to the leave with sickness benefit or sick pay.

The government established an institutional model of crisis management appropriate to the severity and urgency of the pandemic, which allows for rapid action in the event of an increase in the number of patients, as well as the realisation of the principles of effectiveness and proportionality.

Related to housing support, banks (in co-ordination with the Ministry of Finance) offered models for citizens to defer payment of loan obligations, including housing loans, lasting up to six months. Provision for the homeless was left to engaged civil society organisations and local authorities. Debt and loan enforcement proceedings were suspended for all natural persons from 18 April to 19 October 2020.

The COVID-19 crisis has, because of fewer available funds, negatively affected civil society organisations that provide services and other types of support to vulnerable social groups.

The COVID-19 pandemic has barely influenced the structure and design of the Croatian social protection system at the national or local level. At the national level, no new measures of social protection have been introduced and no criteria of the existing programmes have been changed or adjusted. Local authorities reacted to the pandemic primarily by providing one-time financial assistance for the unemployed (those who worked and lost jobs) or by providing in-kind benefits. It can be stated that the government has mainly relied on support measures for the economy and for job preservation, and very little on new or modified measures of social protection.

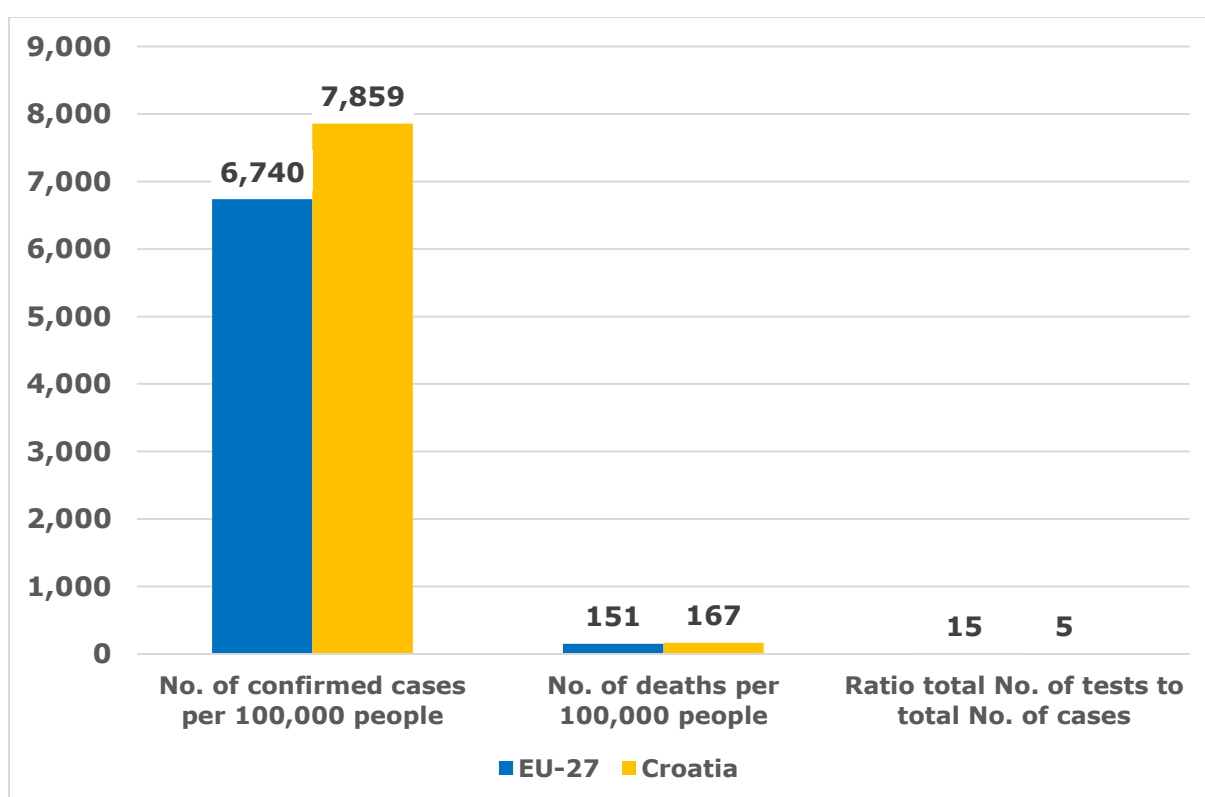
Even though the government measures have so far prevented unemployment from soaring, higher increases in unemployment may occur in the future, due to lay-offs, bankruptcies and the reluctance of many employers to hire additional employees due to uncertain economic prospects. In the next period, it is important to simplify procedures and access in relation to unemployment benefits, social assistance and other social benefit protection measures.

1 TRENDS OF THE PANDEMIC AND SOCIAL AND ECONOMIC IMPACT¹

1.1 Epidemiological situation

During the 63 weeks considered for these three indicators (from Monday 3 February 2020 to Sunday 18 April 2021), the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Croatia, it was 7,859. The total number of deaths per 100,000 people was 151 for the EU-27 versus 167 in Croatia. The ratio of the total number of COVID-19 tests conducted to the total number of confirmed cases was 15.3 for the EU-27 and 5.5 for Croatia.

Figure 1: Total number of COVID-19 cases and deaths per 100,000 people & ratio of total number of COVID-19 tests to total number of cases, 3 February 2020 to 18 April 2021 (EU-27 and Croatia)

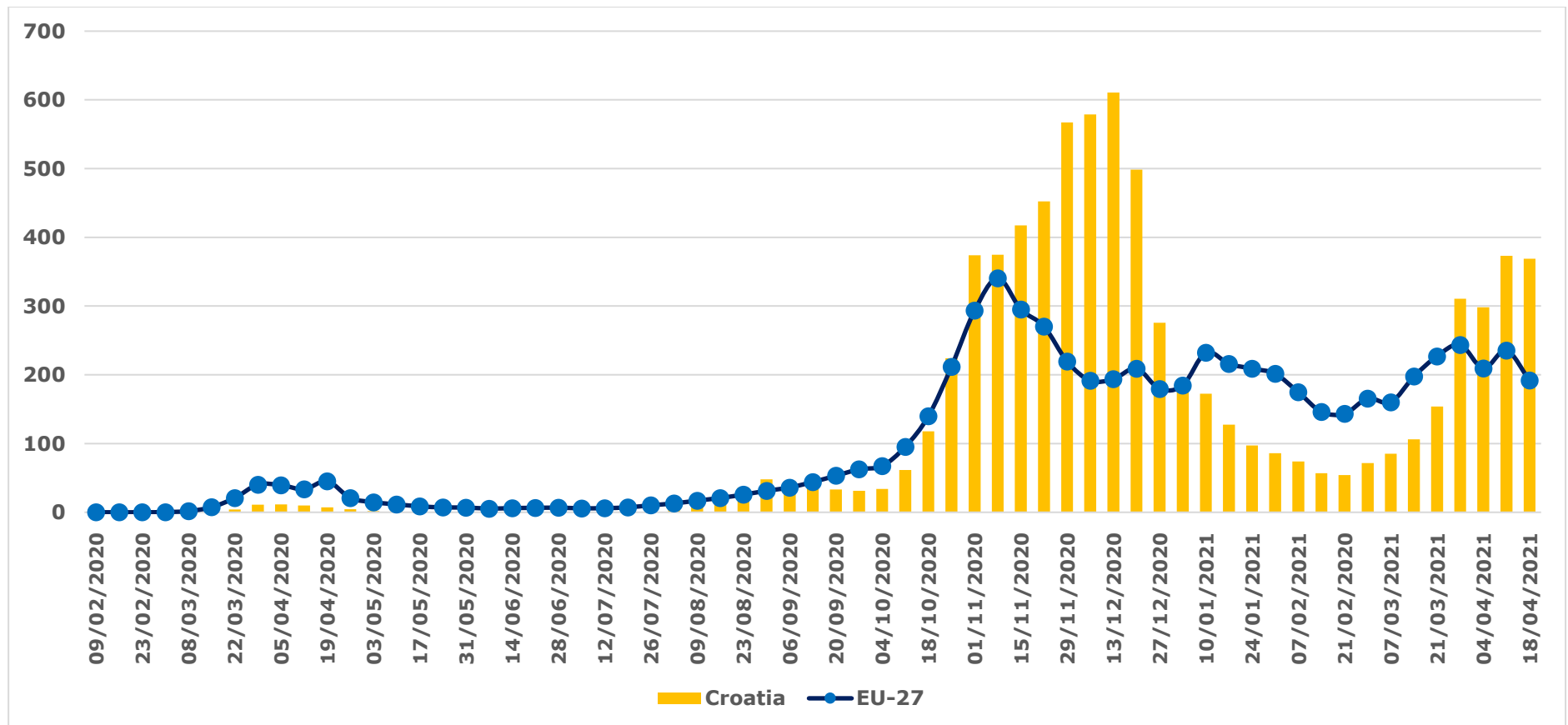


Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021

¹ Except if otherwise specified, the indicators presented in Sections 1.1 and 1.2 were calculated by the ESPN Network Core Team on the basis of data coming from two data sources: Our World in Data (OWID: <https://ourworldindata.org/coronavirus-source-data>) and the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>). These indicators were calculated for all the 35 ESPN countries for which data were available. All of them are presented in Annex B of the following report: Isabel Baptista, Eric Marlier, Slavina Spasova, Ramón Peña-Casas, Boris Fronteddu, Dalila Ghailani, Sebastiano Sabato and Pietro Regazzoni (2021), *Social protection and inclusion policy responses to the COVID-19 crisis. An analysis of policies in 35 countries*, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This report also provides additional explanations on the data sources used and the calculation of the indicators. In addition, Annex B of the report provides the country results related to all ESPN countries included in the two international data sources used (see Tables B1.1, B2.1 and B3.1 for Figure 1, Table B1.2 for Figure 2, Table B2.2 for Figure 3, Table B3.2 for Figure 4, Tables B4.1, B4.2 and B4.3 for Figure 5, Table B5 for Figure 6, Tables B6.1-3 for Figures 7a-c, and Tables B7.1-3 for Figures 8a-c). The full report and its various annexes can be downloaded [here](#).

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of confirmed COVID-19 cases per 100,000 people reached 191.8 for the EU-27. In Croatia, it was 369.0.

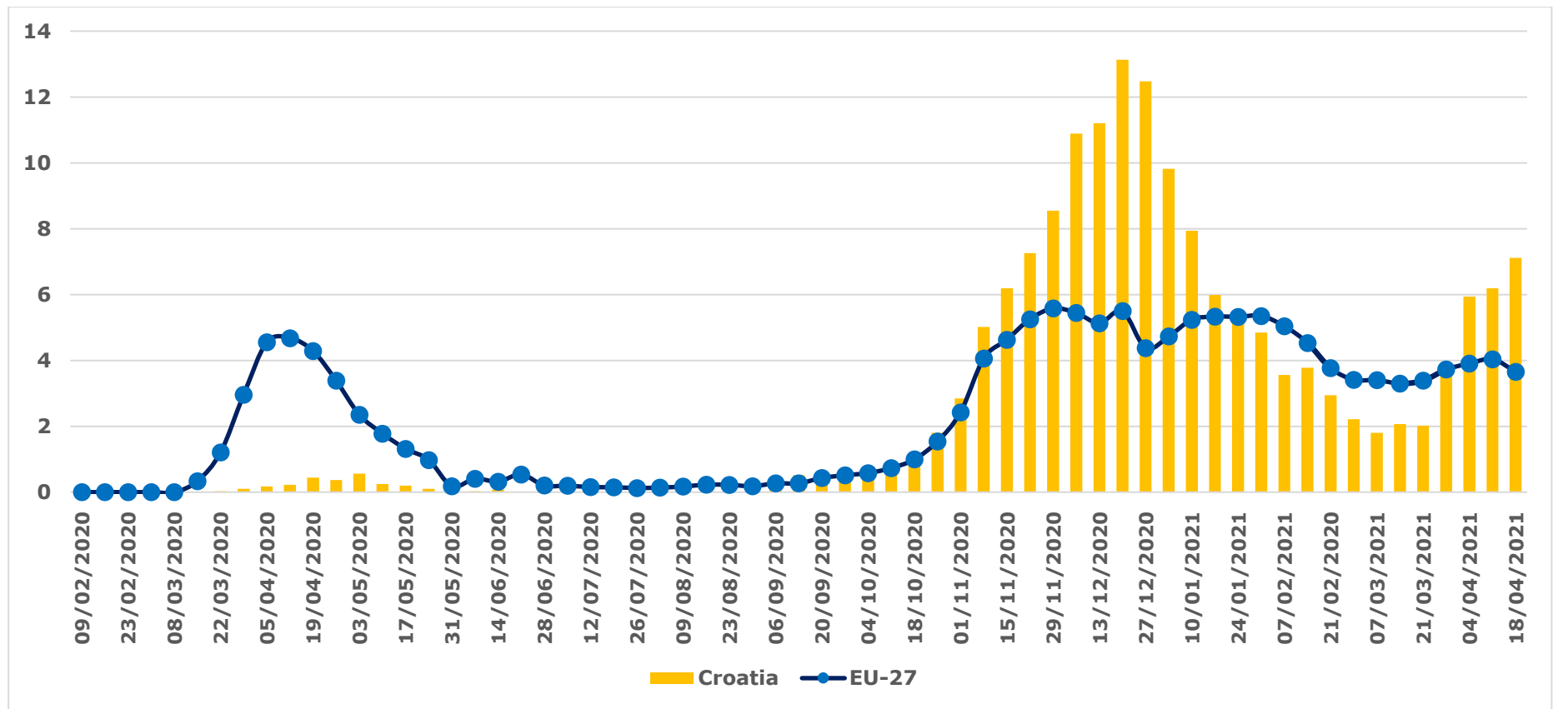
Figure 2: Weekly evolution - Number of confirmed COVID-19 cases per 100,000 people from 3 February 2020 to 18 April 2021 (EU-27 and Croatia)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 deaths per 100,000 people reached 3.66 for the EU-27 as a whole. In Croatia, it was 7.11.

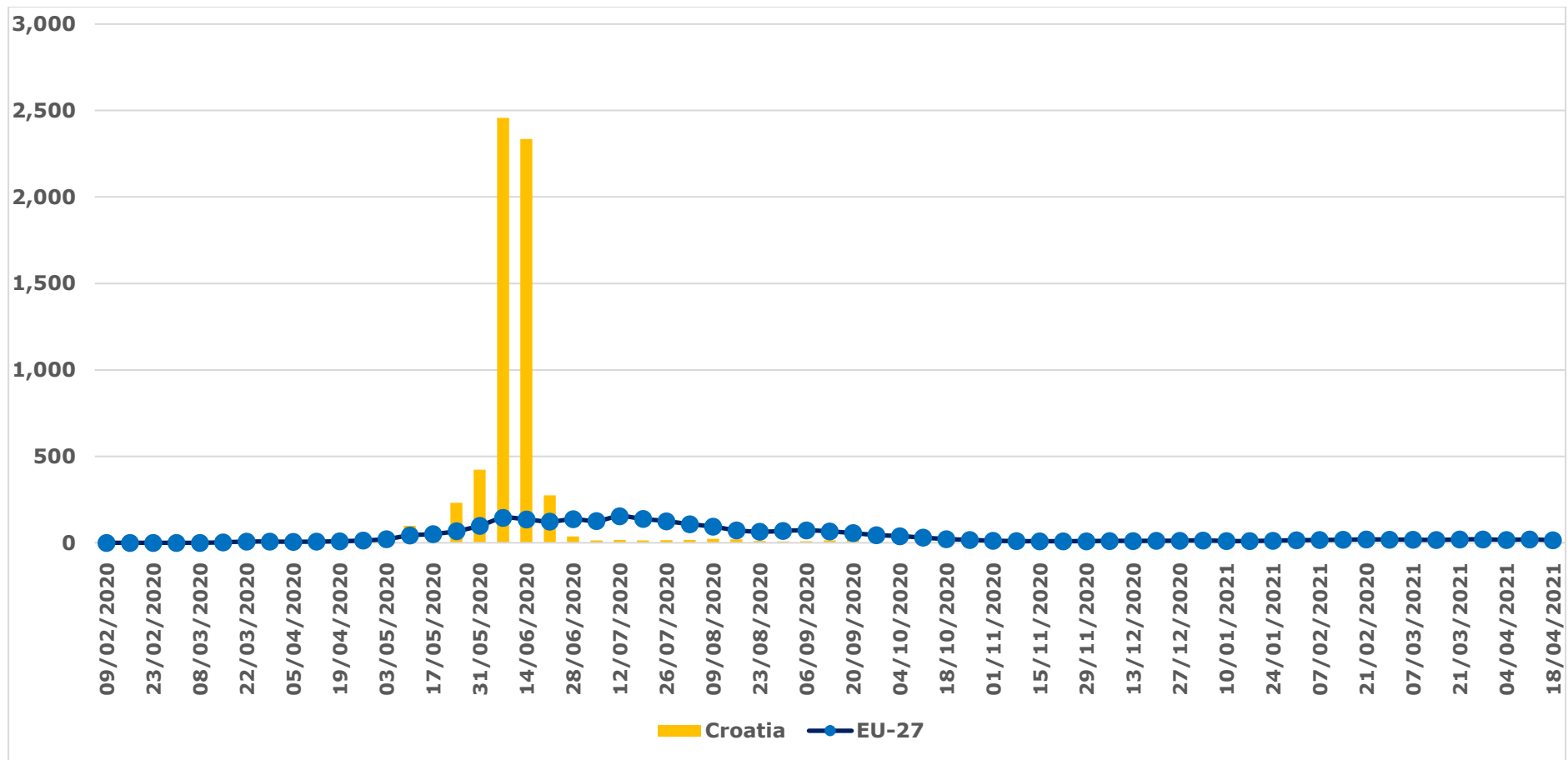
Figure 3: Weekly evolution - Number of COVID-19 deaths per 100,000 people, 3 February 2020 to 18 April 2021 (EU-27 and Croatia)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 tests per new confirmed COVID-19 cases was 15.2 for the EU-27. In Croatia, it was 3.8.

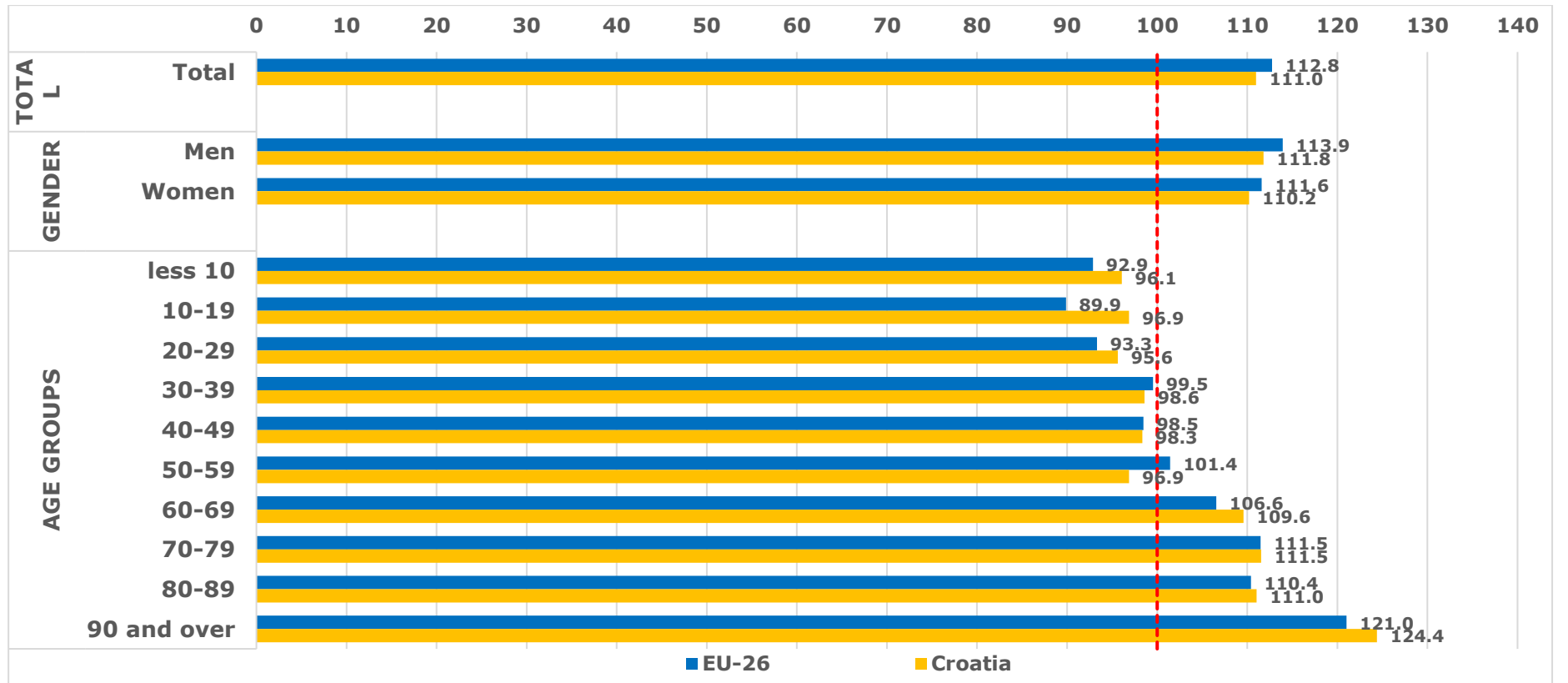
Figure 4: Weekly evolution - Number of COVID-19 tests per new confirmed COVID-19 case, 3 February 2020 to 18 April 2021 (EU-27 and Croatia)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021. Full quote for these testing data: Hasell, J., Mathieu, E., Beltekian, D. et al. (2020). "A cross-country database of COVID-19 testing". *Sci Data* 7, 345 (2020) (<https://www.nature.com/articles/s41597-020-00688-8>).

The excess mortality ratio for 2020 is the total number of deaths (without distinction of causes) in the year 2020 expressed as a percentage of the previous 4-year (2016-2019) annual average of the total number of deaths. For the EU-26 average (no data for Ireland), the ratio of the total population is 112.8% while it is 111.0% in Croatia. For the EU-26, it is 113.9% for men and 111.6% for women. In Croatia, these gendered ratios are 111.8% and 110.2% respectively. Excess mortality is higher among older age groups. For those aged 90 years and more it reaches 121.0% for EU-26 and 124.4% for Croatia.

Figure 5: Excess mortality - Total number of all deaths in 2020 as percentage of the 2016-2019 annual average (including gender and age breakdowns (EU-26 and Croatia))

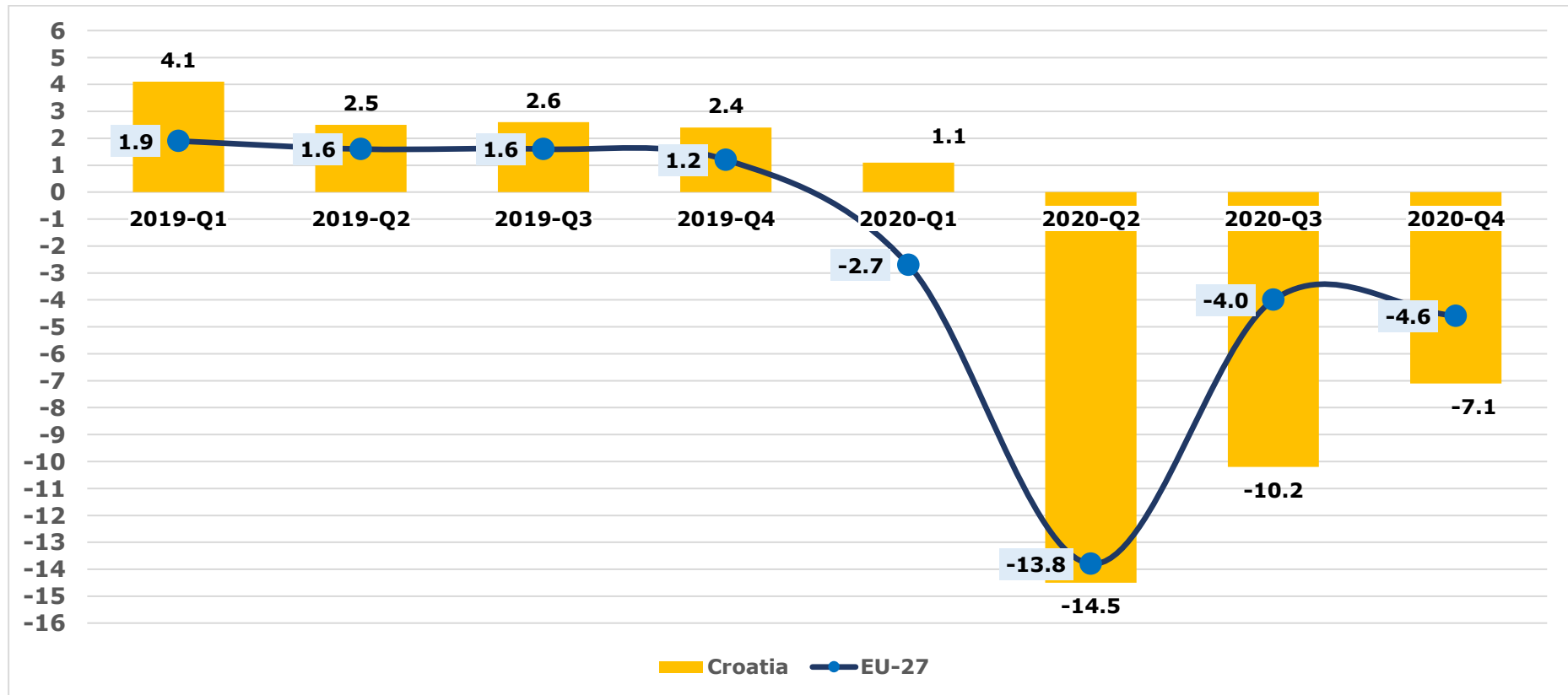


Source: Eurostat - indicator [DEMO_R_MWK_10__custom_560457] Deaths by week, sex and 10-year age groups - downloaded 26 April 2021. For Bosnia and Herzegovina: Agency for statistics of Bosnia and Herzegovina (data received upon request on 19 April 2021).

1.2 Economic and (un)employment situation

In the EU-27, GDP in the fourth quarter (2020-Q4) of 2020 fell by 4.6% compared to the fourth quarter of 2019 (2019-Q4). In Croatia, the decrease was 7.1% for the same period.

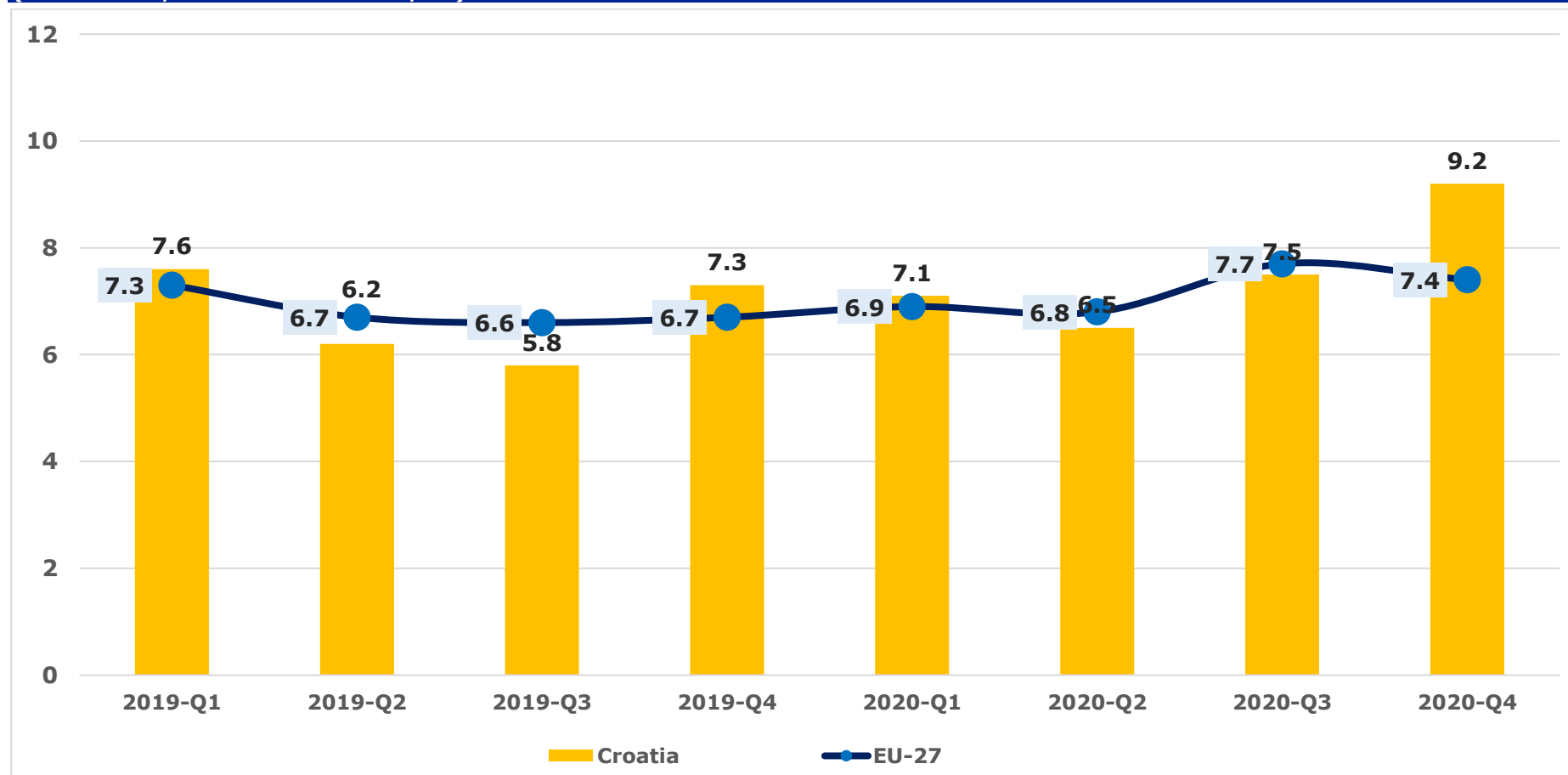
Figure 6: Gross domestic product at market prices, chain-linked volumes prices adjusted, percentage changes in quarter compared with same quarter in previous year (2019-2020, EU-27 and Croatia, %)



Source: Eurostat -GDP and main components (output, expenditure and income) - indicator [NAMQ_10_GDP__custom_507806] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.4%. In Croatia, it is 9.2%.

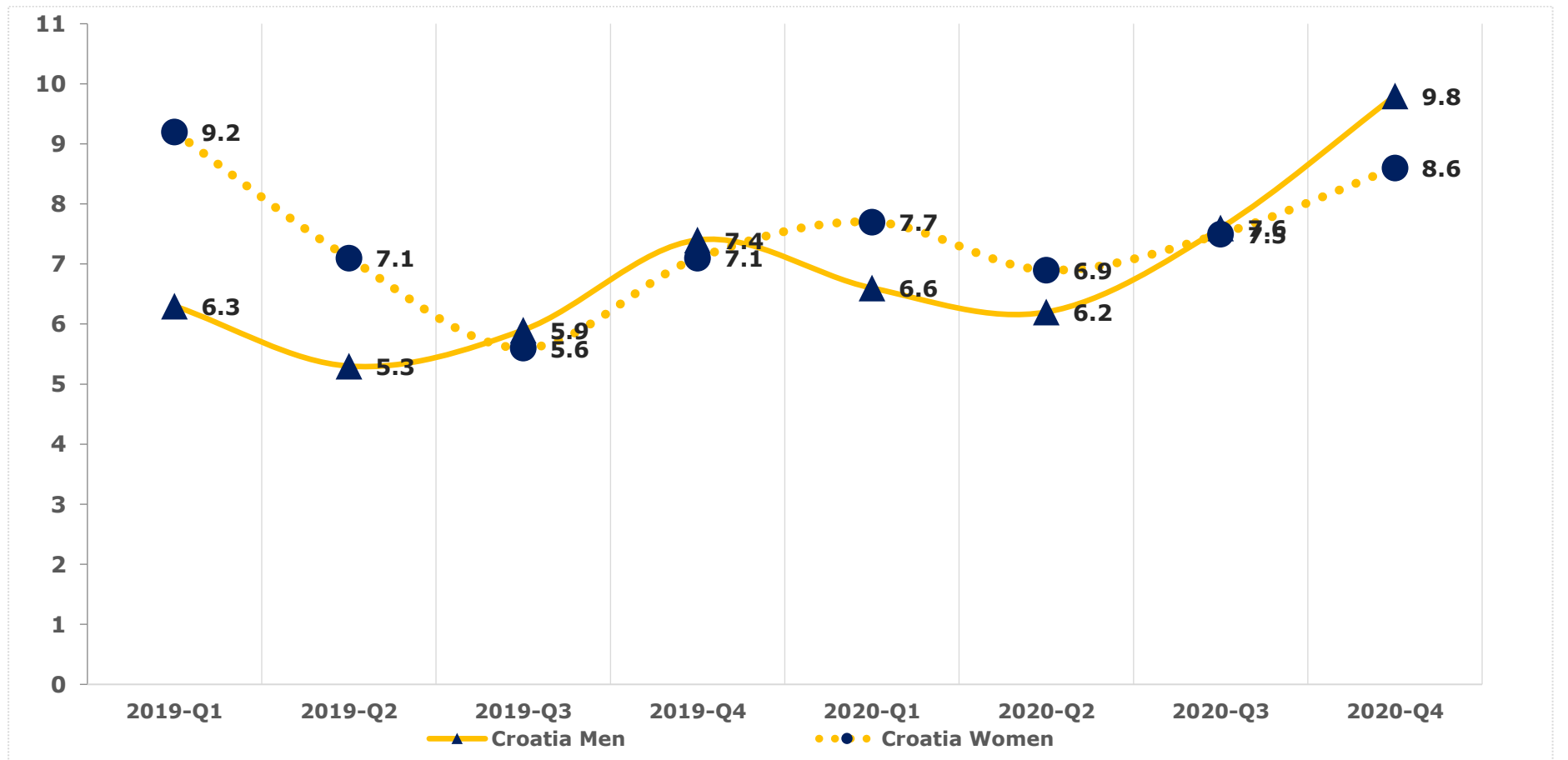
Figure 7a: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Croatia, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.1% for men and 7.7% for women. In Croatia, these figures are 9.8% and 8.6% respectively.

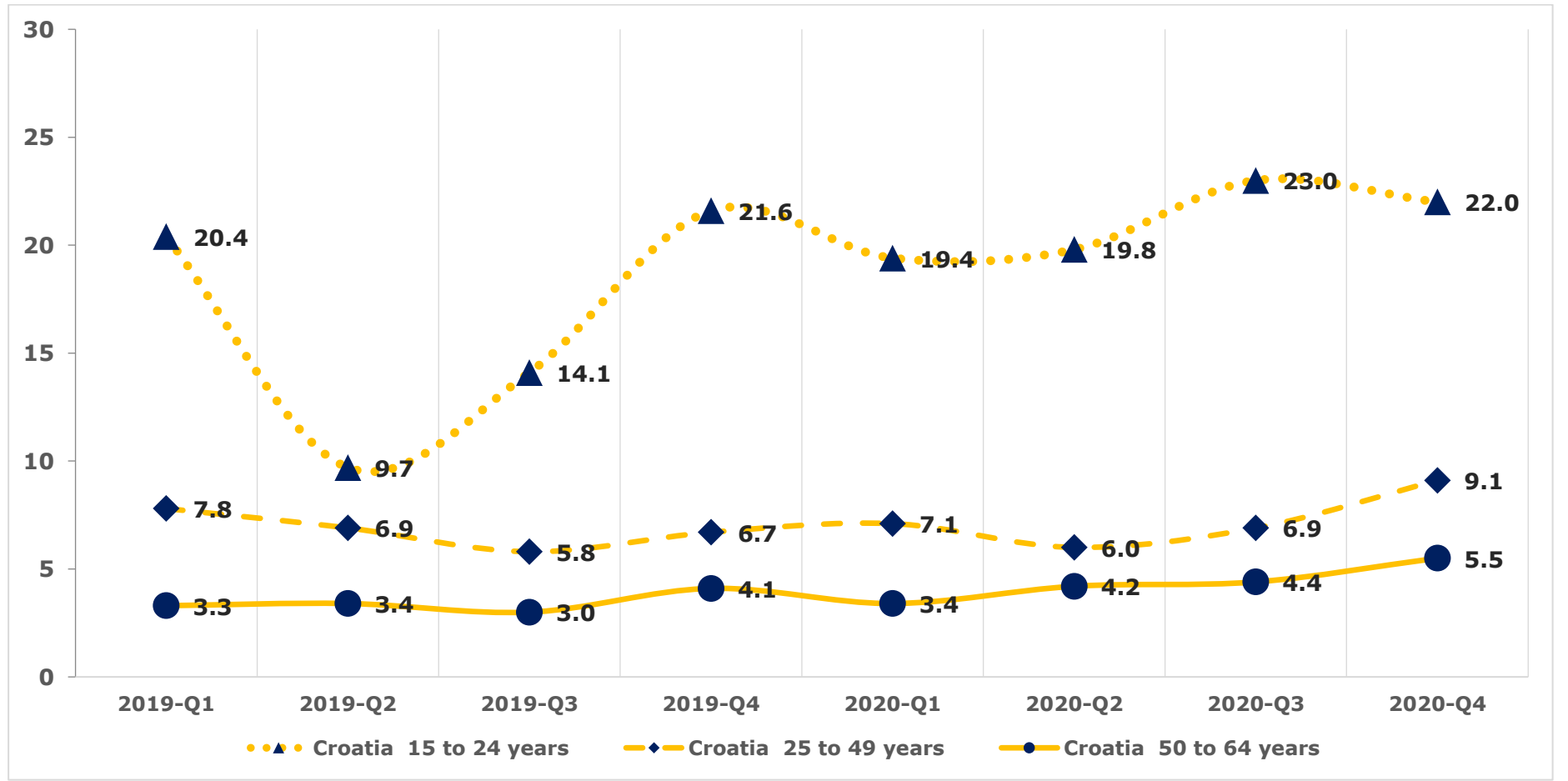
Figure 7b: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Croatia, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 is 16.9% for the 15-24 age group. In Croatia, it is 22.0%.

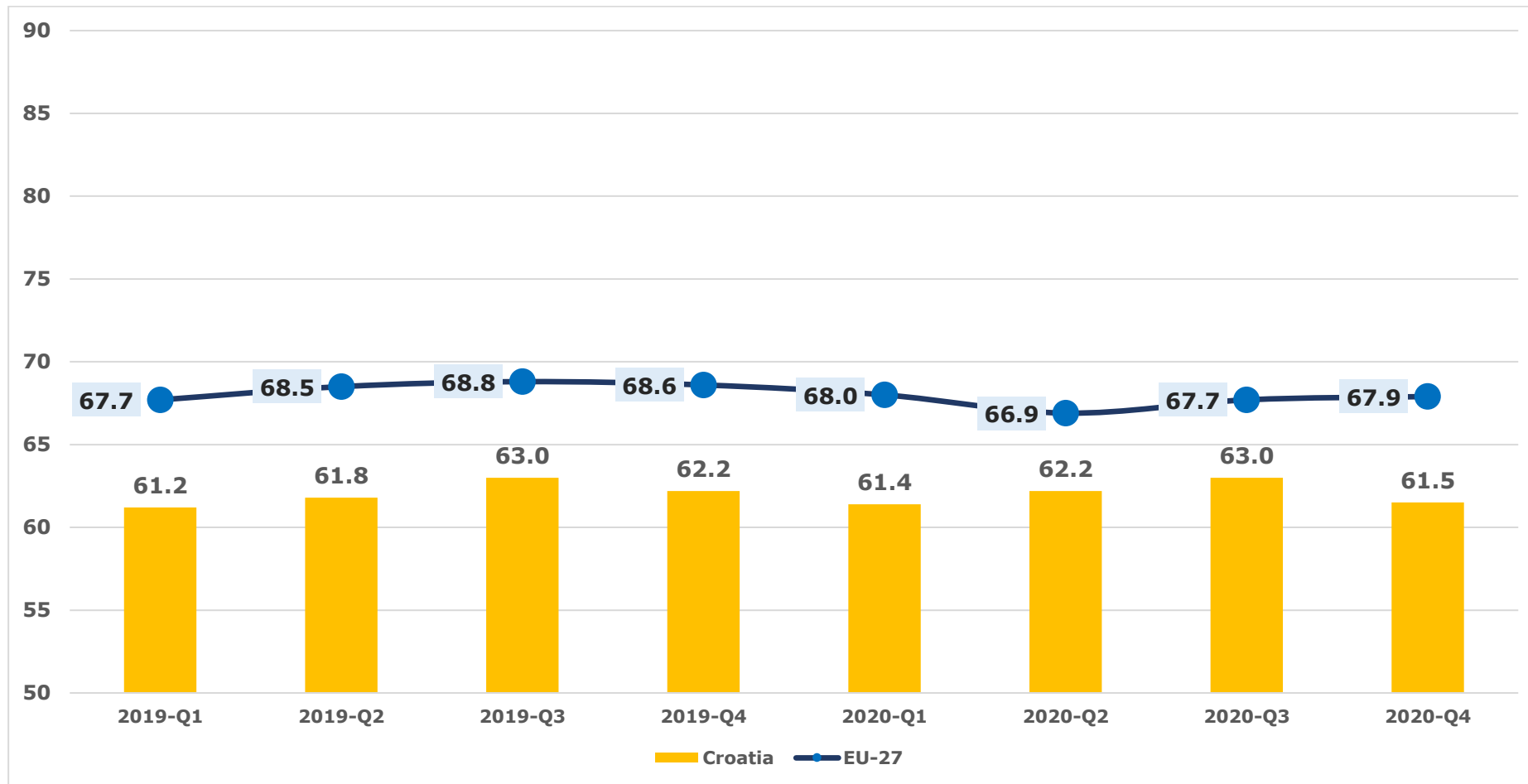
Figure 7c: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Croatia, %)



Source: Eurostat LFS - indicator [lfsq_organ] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate for people aged 15-64 in the EU-27 is 67.9%. In Croatia, it is 61.5%.

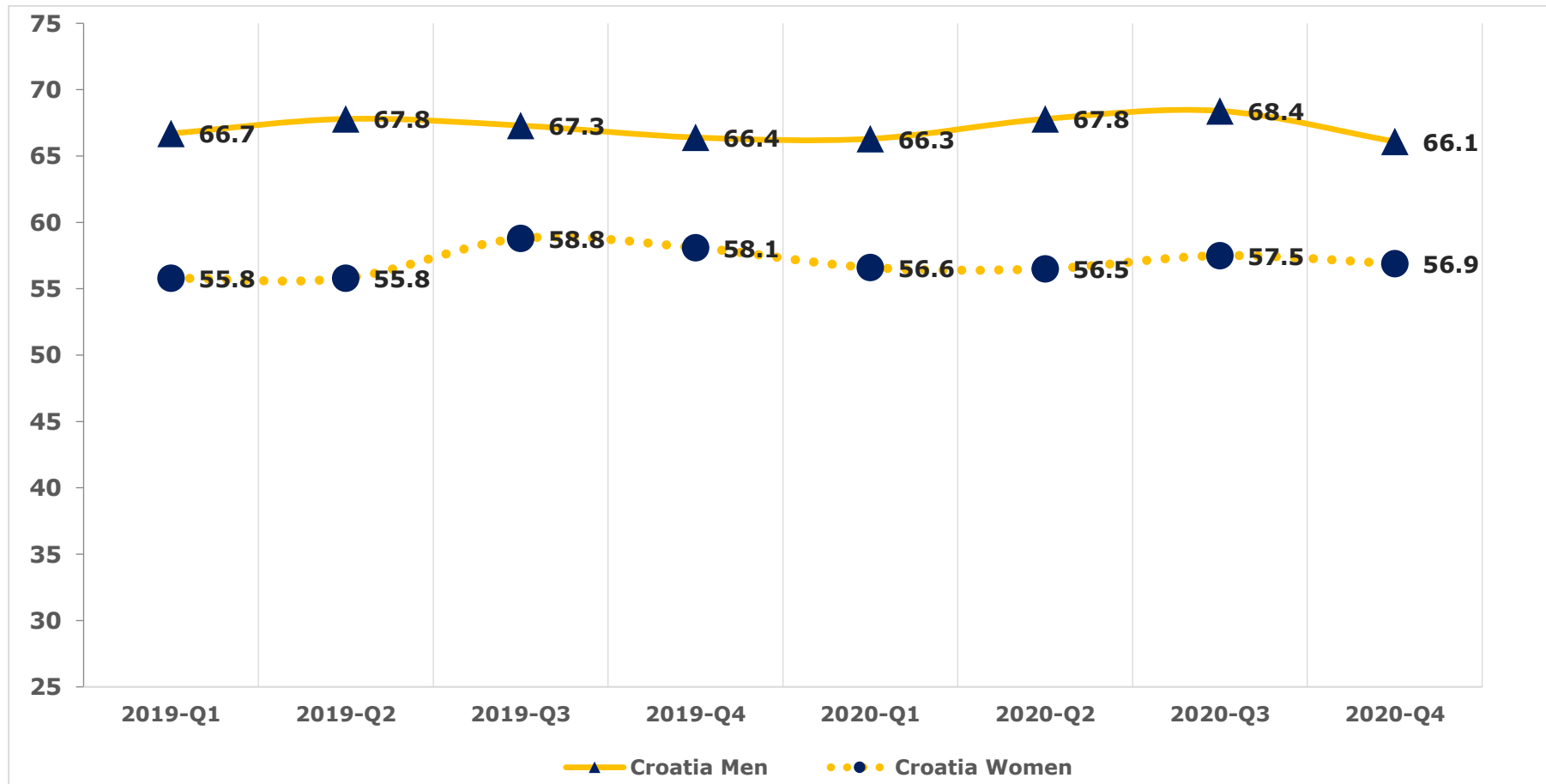
Figure 8a: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Croatia, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 73.0% for men and 62.8% for women. In Croatia, these figures are 66.1% and 56.9% respectively.

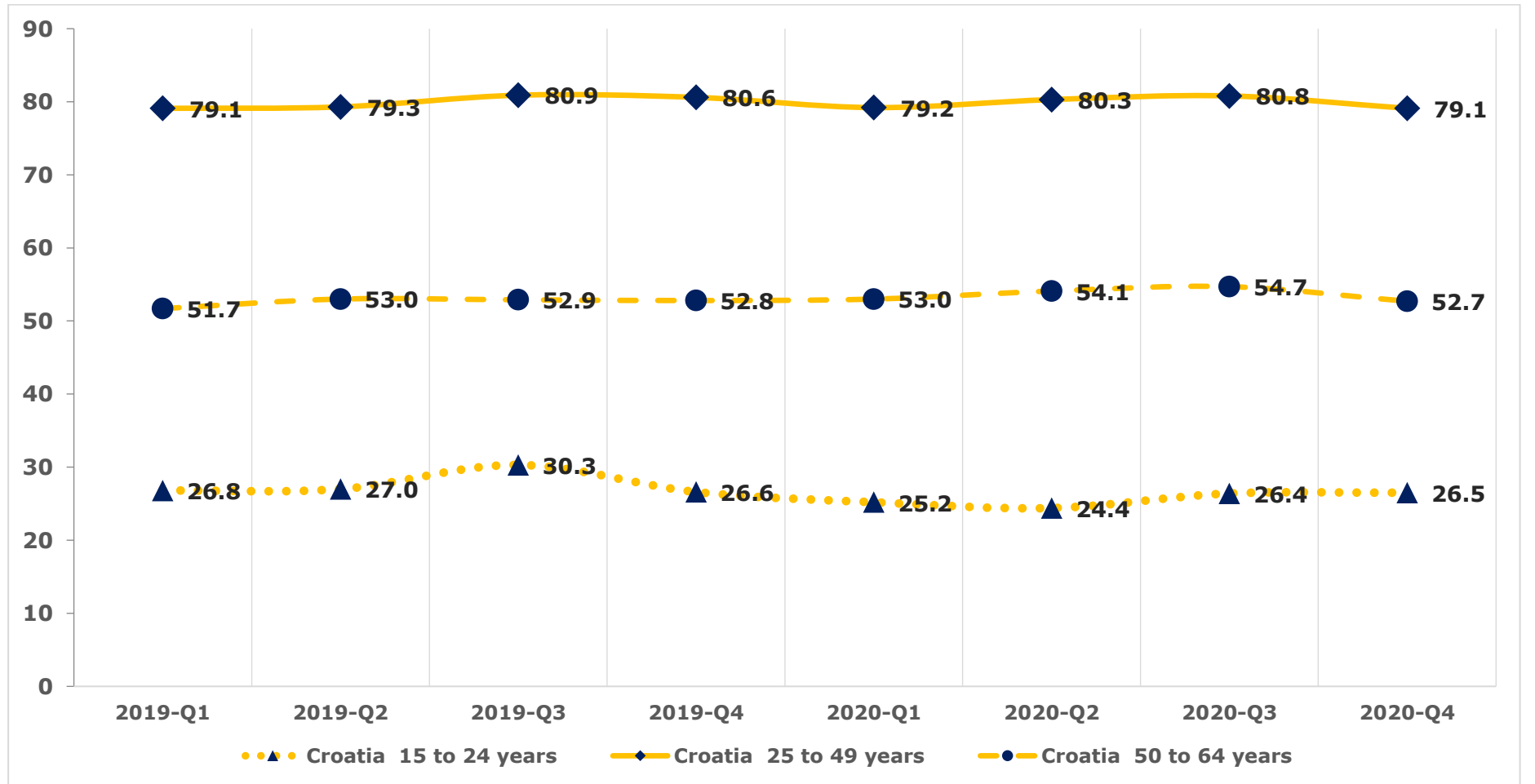
Figure 8b: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Croatia, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 31.1% for the 15-24 age group. In Croatia, it is 26.5%.

Figure 8c: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Croatia, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

1.3 Poverty, inequality and social exclusion situation

There is no information from national sources regarding the impact of the COVID-19 pandemic on poverty, inequality and social inclusion.

2 SOCIAL PROTECTION AND INCLUSION MEASURES IN RESPONSE TO THE PANDEMIC²

This section provides a brief description of the main measures related to social protection and social inclusion that have been put in place to help mitigate the financial and social distress produced by the economic downturn caused by the pandemic. It is based on readily available data and evidence. For each measure, it provides the following information.

- a) Short description of the measure.
- b) Category: Is it a flat benefit, a conditional benefit, both a flat and a conditional benefit, or neither a flat nor a conditional benefit?
- c) Timing: When did the measure start/end? Has it been extended?
- d) Depending on the category:
 - amount and duration (for flat measures); and
 - range (minimum-maximum), duration and conditionality (thresholds) (for conditional measures).

If the measure is neither flat nor conditional, this is indicated by "Not applicable".

- e) Targeted population: what is/are the target(s)? – that is to say, which parts of the population or of the labour force. Where data and evidence are readily available, estimated number of people targeted and/or applicants.
- f) Beneficiaries: What is the number of recipients of the measure (if relevant and available)?
- g) Novelty: Was the measure new or an already existing one that was adjusted?

2.1 Measures related to unemployment benefits

There have been no changes to the unemployment benefit scheme during the pandemic period (conditions for unemployment benefits, and unemployment benefits replacement rates, have remained unchanged).

2.2 Measures of job protection provided through support to employers, employees and the self-employed

The first patient infected with COVID-19 was registered in Croatia on 25 February 2020. The first stimulus package adopted in March 2020 included support for preserving jobs and was implemented by the Croatian Employment Service (CES). The second wave of COVID-19 infections in Croatia gained momentum from late October 2020 onwards. The situation deteriorated significantly in November 2020, so the government reintroduced some of the restrictions, resulting in a partial or "mild" lockdown. From 28 November 2020, closures were imposed on restaurants, cafes, bars, shopping centres and sports facilities, whereas cultural events continued but faced additional restrictions. Universities and secondary schools had to switch from hybrid models to online teaching.³ Freedom of movement was

² The temporary measures mentioned in this report refer to the situation as of 15 April 2021. Their duration may have been extended since then.

³ <https://www.vecernji.hr/vijesti/uskoro-uzivo-plenkovic-predstavlja-nove-mjere-sto-se-sve-zatvara-1449175>

also restricted. On 23 October 2020, the CES published newly adjusted measures to preserve jobs due to the COVID-19 pandemic.

According to the data published by the CES (see Table A1 in Annex), the total number of employees supported by job-protection support between March 2020 and March 2021 exceeded 2.7 million. The highest number of employees covered was registered in March and April 2020;⁴ around 500,000 employees in March 2020 and around 582,000 in April 2020, which exceeded 33% of the total number employees according to labour force survey (LFS) data. In the following summer months, when the pandemic receded significantly and the tourist season started, the number of employees covered by the measures fell significantly. In the period May-October 2020, between 3% and 6% of total employees were covered by job-protection support measures (see Table A1 in Annex). Data for November and December 2020 and January to March 2021 reveal that, on average, around 150,000 employees were covered by job-protection support measures. In the period November 2020 to March 2021, the number of employees covered was higher in Croatia due to the second wave of COVID-19 infections. Because the situation has significantly deteriorated in November 2020, the government reintroduced some of the restrictions resulting in a partial or 'mild' lockdown from 28 November 2020 (restaurants, cafes, bars, shopping centres and sports facilities had to close).

2.2.1 Potpora za očuvanje radnih mjesta (Support for preserving jobs)

- a) Short description of the measure: One of the most important measures in the first stimulus package adopted in March 2020 was support for preserving jobs, which was implemented by the CES. In March and April 2020, support was paid to companies affected by lockdown measures that did not lay off workers. The cumulative fall in company revenue due to the COVID-19 crisis had to be at least 40% in the period from 1 April to 30 September 2020, compared with the same period in 2019.⁵ Eligible employers also had to abide by some obligations and restrictions, including payment of the full amount of wages/salary and no distribution of profits, shares, stock options or management bonuses within a certain period.
- b) Category: Conditional benefit.
- c) Timing: The job-preservation support measure was extended in June 2020 and was implemented until September 2020. Eligible employers during that period were those who suffered a significant revenue fall caused by the COVID-19 crisis. To be eligible for support in June 2020, employers needed to prove they had had a fall in revenue in May 2020 of at least 50% compared with May 2019, based on VAT returns submitted to the tax administration in May 2020 and May 2019. The cumulative revenue fall due to the COVID-19 crisis had to be at least 40% in the period from 1 April to 30 September 2020, compared with the same period in 2019. In September 2020, the eligibility criteria for the period from October until December 2020 were changed (see bullet d). On 4 December 2020, there was another change: when demonstrating a revenue fall and applying for support for November 2020, employers could just compare the revenues in November 2020 and November 2019, while the level of support stayed unchanged. For employers who had already submitted an application based on the previous calculation method, the more favourable method was applied. Employers whose applications for November 2020 were rejected could add supplementary documentation or reapply based on the amended criteria.⁶ On 22 December 2020, these measures were extended for two more months (January and February 2021), and in February they were extended for March and April; then in April they were extended until May, and in May further extended until June. On 21 January

⁴ <https://mjera-orm.hzz.hr/korisnici-potpore/skupna-statistika-korisnici-potpore-ocuvanje-radnih-mjesta>

⁵ The rule lasted till 4 December, after which the new lockdown led to further changes.

⁶ <https://mjera-orm.hzz.hr/korisnicka-pitanja/studeni-prosinac-mikropoduzetnici-i-djelatnosti-upute-i-smjernice/#faqORM20b>

2021,⁷ because a strong earthquake (6.2 Richter scale) had hit Sisak-Moslavina county on 29 December 2020, employers from the affected region were exempted from the requirement to show a fall in revenue.

- d) Range, duration and conditionality: In March 2020, the government support covered 100% of minimum net wages (HRK 3,250, €435) and associated health insurance and pension contributions (HRK 1,460, €195) per employee (€630 in total) in selected companies.⁸ In April 2020, the support was raised to HRK 4,000 (€535) from HRK 3,250 (€435) and social security contributions (HRK 1,460, €195), so it amounted to a total of HRK 5,460 (€730) per employee, which was paid to the affected companies for April and May 2020. Moreover, small firms with revenues below HRK 7.5 million (€1 million) that recorded a drop of more than 50% in revenue were not required to pay profit tax, income tax or social security contributions. Since 1 April 2020 the maximum subsidy has been set at HRK 4,000 (€530), or a pro rata amount per part-time employee, in accordance with the percentage of revenue drop:
- from 40.00% to 44.99% – HRK 2,000 (€264)
 - from 45.00% to 49.99% – HRK 2,500 (€330)
 - from 50.00% to 54.99% – HRK 3,000 (€396)
 - from 55.00% to 59.99% – HRK 3,500 (€462)
 - 60% and more – HRK 4,000 (€530).
- e) Targeted population: The beneficiaries are the companies affected by lockdown and/or reduced demand that have suffered a revenue fall of at least 50% in comparison with the same period the previous year. All types of employees (including standard workers with open-ended contracts, fixed-term employees and part-time workers) are eligible for this benefit. All work contracts as well as the self-employed are included in the scheme. The recipient employers are not allowed to lay off workers.
- f) Beneficiaries: Available figures about recipients are presented in the Annex. Only cumulative data are available from the CES.⁹
- g) Novelty: In September 2020, the eligibility criteria for support for the period from October until December 2020 were changed.¹⁰ The novelty was that the measure targeted the specific sectors mostly affected by COVID-19, such as: transport and storage; accommodation services; food and drink preparation and services; administrative and auxiliary services; arts, entertainment and recreation; and the organisers of cultural, business and sports events. The measure also now covers employers who employ fewer than 10 employees (micro-entrepreneurs), as well as all employers (regardless of sector) whose business activities are restricted or prohibited due to the decisions of the Civil Protection Headquarters.

The aforementioned restrictions on economic activities also led to another redesign of the eligibility criteria, effective since 4 December 2020.¹¹ Consequently, eligibility has been extended to all employers, regardless of sector, who cannot undertake their business activity due to restrictions imposed by the Civil Protection Headquarters (at national, county or local levels), and/or which were closed down by the decision of an epidemiologist. Employers who employ fewer than 10 employees (micro-

⁷ <https://mjera-orm.hzz.hr/potpore-za-ocuvanje-radnih-mjesta-sijecanj-veljaca>

⁸ <https://www.jutarnji.hr/vijesti/hrvatska/hzz-objavio-popis-poslodavaca-koji-su-iskoristili-vladine-mjere-za-ocuvanje-radnih-mjesta-plenkovic-15-milijardi-kuna-primilo-je-84-tisuce-tvrtki-10257457>

⁹ <https://mjera-orm.hzz.hr/korisnici-potpore/skupna-statistika-korisnici-potpore-ocuvanje-radnih-mjesta>

¹⁰ <https://mjera-orm.hzz.hr/potpore-za-ocuvanje-radnih-mjesta-rujan-prosinac-za-djelatnosti>

¹¹ <https://mjera-orm.hzz.hr/potpore-za-ocuvanje-radnih-mjesta-listopad-prosinac>

entrepreneurs) are again eligible regardless of their activity. Employers from a list of sectors are also eligible.¹²

2.2.2 Potpora za očuvanje radnih mjesta – skraćivanje radnog vremena (Preserving jobs using short-time working support scheme)

- a) Short description of the measure: In June 2020, a short-time working support scheme was introduced, financed from the EU's SURE programme.¹³ Eligible employers could receive a grant to offset an employee's potential loss of employment income if working hours were temporarily reduced in one or more months in the period from June to December 2020. To become eligible, employers had to expect a reduction of at least 10% in the total monthly working hours of all eligible employees, during the month for which the support was requested. The expected reduction in total monthly working hours was justified by a fall in revenue of at least 20% in the month for which the support was requested, compared with the same month of the previous year (based on VAT returns submitted to the tax administration).
- b) Category: Conditional benefit.
- c) Timing: The measure was initially planned for 1 June to 31 December 2020, but on 22 December 2020 it was extended to January and February 2021. The measure was updated again in January 2021 and has been extended to December 2021.¹⁴
- d) Range, duration and conditionality: An eligible employer could receive a grant of from 400 HRK (€53) up to HRK 2,000 (€265) per month per eligible employee in the period June-December 2020; the maximum amount was increased in October 2020 to HRK 2,800 (€370) per month net per worker, and in January 2021 to HRK 3,600 (€480). In October 2020, the measure was amended: employees were eligible if their working hours were temporarily reduced by 10-70% of their contracted monthly working hours between 1 June and 31 December 2020. In January 2021, it was again amended: employees were eligible if their working hours were temporarily reduced by 10-90% of their contracted monthly working hours between 1 June and 31 December 2020. The maximum support remained HRK 3,600 (€480) per month net per worker, on condition that on annual level cumulative working hours for one worker/employer could not exceed 70% of the total annual fund of working hours on the measure of part-time work.
- e) Targeted population: Eligible employers are divided into two groups. Employers with 10-50 employees must submit a grant request for at least 20% of all employees; employers with 51 or more employees must submit a grant request for at least 10% of all employees. An eligible employee is an employee whose working hours were reduced temporarily by no more than 90% of their contracted monthly working hours between 1 June and 31 December 2020. Eligible employees are all full-time employees

¹² Agriculture, forestry and fishing; transport and storage – transport of passengers by land, air and water, and air transport of goods, transport service activities; accommodation and food and beverage service activities; administrative and support service activities – only rental and leasing activities and travel agencies, tour operators and other reservation services and related activities; arts, entertainment and recreation – only creative, artistic and entertainment activities, entertainment and recreational activities and production and screening of films and video films, sound recording and music publishing activities and distribution; other service activities – repair of computers and personal and household goods and other personal service activities; organisers of cultural, business and sporting events, organisers of fairs and weddings, and related activities such as companies for equipment rental, audio and video recording, ticket sales, hall rental and other companies that generate most of their income from events and public gatherings; translation activities and interpreter services; publishing – publishing of books, periodicals and other publishing companies; crafts, family farms and natural persons who are self-employed and who are insured on that basis, and other business entities that perform activities in eligible sectors and are liable to income tax on that basis.

¹³ Support to mitigate Unemployment Risks in an Emergency (https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/financial-assistance-eu/funding-mechanisms-and-facilities/sure_en).

¹⁴ <https://mjera-orm.hzz.hr/skracivanje-radnog-vremena-2021>

with employers from the target group of employers, regardless of whether they are fixed-term workers or employees with and open-ended contract.

- f) Beneficiaries: Available figures about recipients are presented in the Annex. Only cumulative data are available from the CES¹⁵ (specific data about short-time working support scheme recipients are not available).
- g) Novelty: The short-time working support scheme is new and did not exist before the COVID-19 crisis. There have been changes in this measure regarding the monthly hours' threshold and level of support (these changes are explained above in bullet c).

2.2.3 Potpora za očuvanje radnih mjesta u djelatnostima pogođenima Koronavirusom (COVID-19) za srpanj 2020 – mikropoduzetnici (Support for preservation of jobs by micro-entrepreneurs whose economic activity has been disrupted due to a special circumstance caused by COVID-19)

- a) Short description of the measure: On 29 June 2020, the CES management board adopted a specific measure related to micro-entrepreneurs (employing up to 10 workers), and this new measure was applied from 1 July. Micro-entrepreneurs needed to prove that in June 2020 they had a fall in turnover or revenues of at least 50% compared with June 2019, based on the VAT forms for June 2020 and June 2019 submitted to the tax administration. Those who paid VAT on a quarterly basis had to show a fall in turnover or revenue of 50% in the second quarter of 2020 compared with the second quarter of 2019. If the enterprise had operated for less than 12 months, it was necessary to prove a fall in revenues of at least 50% in June 2020 compared with February 2020; these criteria also applied in August and September 2020.
- b) Category: Conditional benefit.
- c) Timing: The measure was introduced in July 2020 and was extended several times in August, September and October for period October-December 2020.
- d) Range, duration and conditionality: The monthly amount of the support was HRK 2,000 (€267) for July 2020 per full-time employee; for part-time employees, it was proportional to the contractual number of hours. From October 2020, eligible micro-entrepreneurs who had a fall of at least 60% in their revenue could qualify for the maximum subsidy of HRK 4,000 (€533) per employee. The employer was obliged to retain all employees – business-related dismissal was not permitted.
- e) Targeted population: Employers of up to 10 workers. Employers can only use one support measure of the CES at the same time. If more than one business entity has the same founder or owner, the number of employees of all the entities is aggregated when determining eligibility.
- f) Beneficiaries: Figures are not available.
- g) Novelty: The measure is new and did not exist before COVID-19 crisis. On 10 July 2020, the support was increased for pension insurance contributions based on individual capitalised savings in the amount of HRK 125 (€16.60).

2.3 Measures related to sickness benefits and sick pay

2.3.1 Mjere za bolovanje u slučaju izolacije ili samoizolacije (Measures related to sickness benefit due to isolation or self-isolation)

- a) Short description of the measure: If a doctor decides that a worker has to be in isolation or self-isolation because they have the symptoms of COVID-19 and/or meet certain epidemiological criteria (e.g. they have been in close contact with an infected

¹⁵ <https://mjera-orm.hzz.hr/korisnici-potpore/skupna-statistika-korisnici-potpore-ocuvanje-radnih-mjesta>

person), the worker is entitled to sickness benefit. Sickness benefits due to isolation or self-isolation already existed for other infection diseases. COVID-19-related sickness benefit is paid by the Croatian Institute of Health Insurance (CIHI) from the first day of sick leave to all insured employed people (rather than from the 43rd day for normal sickness benefit). All working (employed and self-employed) parents who have to take care of children or family members infected by the virus are entitled to the leave with either sickness benefit or sick pay. If their jobs cannot be performed remotely from home, the CIHI (rather than the employer in the case of employees) pays the sickness benefit.

- b) Category: Conditional benefit.
- c) Timing: From April 2020; still in place on 15 April 2021.
- d) Range, duration and conditionality: The sickness benefit is paid by the CIHI from the first day of the sick leave to all insured employed people. From September 2020, the duration of the benefit was reduced from 14 days to 10.
- e) Targeted population: All employed and insured people in isolation or self-isolation.
- f) Beneficiaries: There were 90,335 recipients due to isolation or self-isolation from March 2020 to December 2020.¹⁶
- g) Novelty: This measure introduced modifications to the existing sickness benefit scheme.

2.3.2 *Mjere za bolovanje zbog COVID-19 bolesti (Sick pay due to illness with COVID-19)*

- a) Short description of the measure: Sick pay (under already existing arrangements) may not be lower than 70% of the average gross salary paid to an insured person in the previous six months. For the first 42 days, sick pay is charged to the employer. Collective agreements may provide a more favourable sick pay rate than the legal minimum, often at 85% or 90% of the quarterly or six-month average salary. From the 43rd calendar day of sick leave, sickness benefit is charged to the CIHI and is paid at 70% of the average net salary in the preceding six months, up to a maximum amount of HRK 4,257 (€568) per month.

Healthcare staff infected during the course of their duties are treated as having an occupational disease and receive a full salary as a sickness benefit. Sickness benefit for occupational disease is charged to the CIHI from the first day and is based on the net amount of the average salary paid in the last six months, with no maximum amount.

- b) Category: Conditional benefit.
- c) Timing: Sickness benefit and sick pay for COVID-19-related reasons has been applied since April 2020 and was still in place on 15 April 2021.
- d) Range, duration and conditionality: The amount paid is equivalent to the average salary received in the last six months, capped at HRK 4,257 (€568) and it is paid by CIHI from the first day of leave. On the basis of collective agreement benefits, it might be higher, and after 43rd when it is paid from CIHI it is again at the maximum of HRK 4,257 (€568). People regarded as having an occupational disease (such as healthcare staff) receive salary compensation from the first day (charged to the CIHI), based on the net average salary in the previous six months, and paid for as long as the disease lasts.
- e) Targeted population: All employed and insured people in receipt of sick pay due to illness with COVID-19.

¹⁶ Ibidem.

- f) Beneficiaries: There were 32,125 recipients from March to December 2020.¹⁷
 g) Novelty: This measure is in constant implementation.

2.4 Measures related to health insurance

No specific social protection/inclusion measures have been adopted in relation to health insurance as a result of the pandemic.

2.5 Measures related to minimum-income schemes and other forms of social assistance

During the pandemic, there have been no changes in the minimum income or in other forms of social assistance on the national level (entitlement conditions, levels of benefits or other criteria have not been changed).

Specific anti-COVID-19 measures within the welfare system can be found at sub-national levels: county and local level (cities and municipalities). Most often, county or local authorities have provided one-time cash assistance and we present two **examples** of such measures below (Sub-sections 2.5.1 and 2.5.2).

One-off assistance might have had only limited impact, given that the pandemic has lasted longer than a year, and is not a pivotal instrument in poverty-alleviation policy.

2.5.1 Jednokratna pomoć nezaposlenim građanima u Splitsko-dalmatinskoj županiji (One-time assistance for the unemployed in the Split-Dalmatia county)¹⁸

- a) Short description of the measure: The measure included granting one-time financial assistance to unemployed people who had lost their jobs during the pandemic. Conditions, amounts and procedures were defined by the county prefect on 5 May 2020.
- b) Category: Conditional benefit.
- c) Timing: The assistance was one-time and was available for two months after 6 May 2020 (provided the applicant was still unemployed). Administration activities related to the assistance were performed by the county administrative department for healthcare, social welfare and demography.
- d) Range, duration and conditionality: The assistance was not means-tested and the level depended on the number of unemployed household members and whether anyone with disabilities lived in the household. The assistance amounted to HRK 1,000 (€133) if one member of the household was unemployed (HRK 3,000 or €400 if someone with disabilities lived in the household), and HRK 2,000 (€266) if two members of the household were unemployed (HRK 4,000 or €533 if someone with disabilities lived in the household). The maximum amount was HRK 4,000.
- e) Targeted population: The assistance was intended for unemployed people from the Split-Dalmatia county registered with the CES between 18 March and 31 May 2020 because they had lost their jobs due to COVID-19, whose labour contract had been cancelled by the employer, who had not returned to work and who were not entitled to unemployment insurance benefit (the conditions are cumulative).
- f) Beneficiaries: About 550.¹⁹

¹⁷ Ibidem.

¹⁸ <https://www.dalmacija.hr/program-mjera-za-ublazavanje-posljedica-pandemije-korona-virusa/mjere-za-gradane/artmid/4849/articleid/25284/jednokratna-pomoc-nezaposlenim-gradanima>

¹⁹ <https://dnevnik.hr/vijesti/koronavirus/splitsko-dalmatinska-zupanija-predstavila-svoje-mjere-za-pomoc-gospodarstvu---602428.html>

- g) Novelty: Measures of one-time assistance are common in local welfare systems. In this case, it was new because it was targeted at the vulnerable group of unemployed affected by COVID-19.

2.5.2 *Privremena novčana pomoć nezaposlenima u općini Župa dubrovačka (One-time cash assistance for the unemployed in the Župa dubrovačka municipality)*²⁰

- a) Short description of the measure: The municipality provided one-time cash assistance to unemployed residents who had lost their jobs due to COVID-19.
- b) Category: Flat benefit.
- c) Timing: The benefit has been available since August 2020.
- d) Amount and duration: The benefit amounts to HRK 1,000 (€133). Each unemployed person receives the same amount because the benefit is intended for the individual, not for the household.
- e) Targeted population: The beneficiaries are unemployed people from the Župa dubrovačka municipality registered with the CES after 1 April 2020 because of COVID-19, who were fired for business-related reasons, who had worked in 2019 for at least six months and who were not receiving unemployment benefit (cumulative conditions).
- f) Beneficiaries: 40.²¹
- g) Novelty: The measure is new, targeted at people who have been made unemployed because of COVID-19.

2.5.3 *Novčana potpora za obitelji s djecom ekonomski pogođene epidemijom bolesti COVID-19 (Financial support for families with children economically affected by the COVID-19 pandemic)*

- a) Short description of the measure: The financial support is provided by the Croatia for Children foundation, which was established by the Croatian government.²² The purpose of the support is to relieve the increased financial burden for families with children caused by job loss due to COVID-19. The support is one-time and intended for the procurement of everyday clothes and footwear, basic hygiene goods, food and dietary supplements and other necessities necessary for the growth and development of children.
- b) Category: Conditional benefit.
- c) Timing: The support has been available since the beginning of March 2020.
- d) Range, duration and conditionality: The level of support depends on the number of children. The support is a one-off payment of HRK 3,250 (€433) for a family with one child, increased by an additional 500 HRK (€67) for any subsequent child, subject to an overall maximum of HRK 10,000 (€1,333). The support is conditional and is not available if parents/guardians receive unemployment benefits higher than the threshold of HRK 3,250.
- e) Targeted population: The support is available to families with children that find themselves in severe material deprivation because of the pandemic, in cases where the parent or the guardian registered with the employment office in March 2020 or later due to COVID-19 and receives no unemployment insurance benefit or receives unemployment benefit not higher than net HRK 3,250 (€433).

²⁰ <https://www.dubrovniknet.hr/korona-kriza-osigurana-novcana-pomoc-od-tisucu-kuna-za-zupske-obitelji>

²¹ <https://dubrovacki.slobodnadalmacija.hr/dubrovnik/zupaniija/zupa/jednokratno-opcina-zupa-ponavlja-financijsku-pomoc-osobama-koje-su-ostale-bez-posla-1055622>

²² <https://www.zhzd.hr/potpore/novcana-potpore-za-obitelji-ekonomski-pogodene-epidemijom-bolesti-covid-19>

- f) Beneficiaries: 304.²³
- g) Novelty: The support is new.

2.6 Measures related to housing support

2.6.1 *Potpore za otplatu kredita uključujući stambene kredite (Payment deferral of loan obligations, including housing loans)*

- a) Short description of the measure: There have been no specific government measures related to housing support. However, banks (in co-ordination with the Ministry of Finance) have offered models for people to defer payment of loan obligations, including housing loans, lasting up to six months.²⁴ People can submit a request for deferment of loan obligations digitally and, if necessary, by coming to the bank. Banks are urging people whose incomes have been negatively affected by COVID-19 to inform them, so that they can be told how to apply for a set of measures to facilitate the repayment of their financial obligations. Credit institutions will charge only regularly agreed interest rates without additional fees during the payment delay.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: Measures for housing loans have been applied since March 2020 and were still in place on 15 April 2021.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: Citizens with loan obligations, including housing loans.
- f) Beneficiaries: Figures are not available.
- g) Novelty: Measures are new.

2.6.2 *Potpore za beskućnike (Measures for homeless people)*

- a) Short description of the measure: The permanent care of the homeless is the responsibility of larger cities, and the service-providers are usually civil society organisations.²⁵ In accordance with frequent inquiries related to the care of the homeless during the COVID-19 pandemic,²⁶ the Ministry of Demography, Youth, Family and Social Policy in March 2020 issued instructions on the use of the homeless care plan in Croatia and the homeless care plan for extreme winter conditions for 2019-2020, for people having urgent needs in the COVID-19 pandemic.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: Since March 2020.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: Homeless people.
- f) Beneficiaries: Figures are not available.

²³ Between 27 April 2020 and 1 June 2021, the Croatia for Children foundation received 466 applications for financial support for families with children economically affected by COVID-19. Of the total number of applications received, 304 were approved, while 74 are in progress (data communicated by the foundation).

²⁴ <https://www.hub.hr/hr/covid-19-aktualne-informacije-savjeti-i-uloga-banaka>

²⁵ See more Bežovan, 2019.

²⁶ Such as this one from the Croatian Network for the Homeless: "We call on local headquarters and cities, which have so far not found space, to urgently provide temporary and additional capacity to accommodate people from the street, where they could stay until the end of these extraordinary circumstances, where they would have the possibility of isolation and at least minimal care. Homelessness is an extremely complex issue and now we really need your help for the people who are currently the most vulnerable social group due to their age, health, mental and other difficulties." (<https://beskucnici.info/vazno-i-hitno-apel-za-pomoc-beskucnicima>)

- g) Novelty: Measure with more intensive services is new.

2.7 Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19

There have been no special measures in these cases. Parents have managed in different ways. Some kindergartens in the cities have remained open. Parents who had to go to work could send their children to schools that remained open, but without regular educational programmes.

2.8 Other important temporary social protection/inclusion measures adopted in the context of the pandemic, which do not fall in any of the categories listed in the previous sections

2.8.1 *Moratorij na ovrhe na novčana sredstva za fizičke osobe (Moratorium on debt and loan enforcement for natural persons)*

- a) Short description of the measure: Debt and loan enforcement proceedings were temporarily suspended for all natural persons, allowing their accounts to be unblocked. Enforcement with respect to legal entities continued according to the law, but the statutory interest penalties were not calculated. Enforcement proceedings continued in cases of the payment of child maintenance (alimony) and in some other cases (other forms of maintenance paid in rents/instalments, claims on the basis of unpaid salary, salary compensation or severance pay).
- b) Category: Neither flat nor conditional benefit.
- c) Timing: According to the government decision of 18 April 2020,²⁷ enforcement proceedings against natural persons were suspended for three months; and in July 2020 the moratorium was extended for another three months (making six months in total). On 19 October 2020, the moratorium on enforcement was terminated. The follow-up of debt enforcement was carried out in three phases: 19 October 2020, 20 November 2020 and 20 January 2021, for decisions on enforcement received as of (respectively) 30 June, 31 August and 18 October 2020.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: All natural persons (including small business owners) subject to debt and loan enforcement proceedings.
- f) Beneficiaries: On 18 April 2020, the Finance Agency (FINA)²⁸ stopped enforcement proceedings against a total of 244,865 debtors (natural persons), and stopped 1,089,620 payments. In the two weeks after 18 April 2020, the FINA gave instructions to the banks to unblock the accounts of 233,109 debtors (natural persons).²⁹

According to data from the Croatian Notaries Chamber,³⁰ during the moratorium public notaries received about 170,000 proposals for debt enforcement, mostly

²⁷ See Zakon o dopuni Zakona o provedbi ovrhe na novčanim sredstvima (https://narodne-novine.nn.hr/clanci/sluzbeni/2020_04_47_952.html).

²⁸ FINA is the state-owned finance company and provides financial and electronic services throughout Croatia.

²⁹ The FINA has repeatedly advised people who have had unsettled debts, or thought that a creditor has started debt enforcement proceedings, to check it out for free via the service "e-Blockade" and to open protected accounts in order to ensure continued cash flow. For example, if a pensioner has a pension of HRK 4,000 (€533), HRK 3,000 (€400) is paid into the protected account, while HRK 1,000 (€133) is paid into the regular account from which the bank then can transfer funds for debt repayment.

³⁰ <https://www.iusinfo.hr/aktualno/u-sredistu/43273>

referring to the debts for water, gas, electricity and telephone services.³¹ From 18 April up to 30 September 2020, the FINA received 217,655 requests for enforcement, with each debtor on average being subject to five sets of proceedings.

- g) Novelty: The measure was new and was in force in the initial six months of the COVID-19 crisis.

³¹ Consumer loans, including credit cards, made up 35% of all debts owed to banks in October 2020. The most common creditors were telecommunication companies (around 5% of total debt) and water, gas and electricity utilities (1.6%).

3 SOCIAL PROTECTION AND INCLUSION RESPONSES TO THE CRISIS: OVERALL ASSESSMENT AND POSSIBLE GAPS

This third section briefly considers three aspects: the expected cost of the social protection and inclusion measures put in place by the country (Section 3.1), the impact of these measures on the social protection system and on social inclusion policies (Section 3.2), and the possible remaining gaps in the social protection system and in social inclusion policies (Section 3.3). It concludes with Section 3.4 on debates and recommendations

3.1 Expected cost of social protection and inclusion measures

3.1.1 Potpora za očuvanje radnih mjesta (Job-protection support)

The total cumulative cost of job-protection measures (job-protection support and shortening work time) in the period March 2020 to March 2021 was around HRK 10.2 billion or €1.36 billion (see Table A1 in Annex) or around 2.5% of 2019 GDP for Croatia.

According to estimates from the Ministry of Finance, up to the end of 2020 the COVID-19-related cost of increased expenditure on economic and social measures and lost budget revenues will be around HRK 30 billion (€3.9 billion), which is more than 7% of 2019 GDP.³² According to the latest estimates from the Ministry of Finance,³³ by July 2021 this figure will be HRK 34 billion (€4.5 billion) (i.e. more than 8% of 2019 GDP).

It was also estimated that about 60% of expenditure would be covered from the state budget, and about 40% from various EU sources.³⁴

According to CIHI data from 4 December 2020, expenditure on testing, treatment and sick pay totalled HRK 766.3 million (€102.2 million).³⁵ The largest expenditure in both the first and second waves of the pandemic was for testing, for which HRK 200 million (€26.6 million) was allocated in the first six months, and HRK 497.1 million (€66.3 million) in the next three months. The number of people receiving treatment also increased dramatically. By September 2020, a total of HRK 33.6 million (€8.8) had been spent on treatment, and in the next three months the cost of treatment had risen to HRK 171 million (€22.8 million). The costs of sick leave and isolation have been the lowest, at HRK 65.1 million (€8.7 million): however, that figure does not reflect the true state of affairs, because not all COVID-19-positive workers, and especially their contacts, go on sick leave. The main reason for this is the low fee for mandatory isolation they receive from the CIHI, which for two weeks amounts to around HRK 2,130 (€284). Since the beginning of the pandemic, 122,460 cases of sick leave due to COVID-19 have so far been registered, 90,335 due to the need to isolate, and only 32,125 due to the disease itself.

3.1.2 Moratorij na ovrhe na novčana sredstva za fizičke osobe (Moratorium on debt and loan enforcement for natural persons)

The total amount of the unsettled debts of natural persons for which enforcement proceedings were stopped was HRK 17.2 billion (€2.3 billion) of principal and HRK 6.7 billion (€0.9 billion) of interest. Data from the FINA system for debt and loan enforcement have shown that the largest number of people in enforcement proceedings (109,000, or 46% of total blocked accounts) owe HRK 10,000 (€1,333) or less; they owe in total HRK 396 million (€52.8 million).

³² <https://www.jutarnji.hr/vijesti/hrvatska/znamo-koliko-je-korona-vec-kostala-ali-rebalans-i-proracun-imagu-podrsku-koalicijskih-partnera-15028048>

³³ <https://www.novilist.hr/novosti/hrvatska/korona-je-kostala-hrvatsku-34-milijarde-kuna-najvise-novca-otislo-na-ocuvanje-radna-mjesta>

³⁴ <https://mrosp.gov.hr/vijesti/ministar-josip-aladrovic-do-kraja-godine-bit-ce-isplaceno-ukupno-8-milijardi-kuna-za-potpore-poslodavcima/12133>

³⁵ Ibidem.

3.2 Impact on the social protection system and on social inclusion policies

The COVID-19 pandemic has barely influenced the structure and design of the Croatian social protection system at the national or local level. At the national level, no new measures of social protection have been introduced (leaving aside purely job-retention measures), and no existing programmes have been modified. On the other hand, local authorities reacted to the pandemic primarily by providing one-time financial assistance for some groups of the unemployed (those who worked and lost jobs) or providing in-kind benefits (packages of food, clothes, hygiene goods). Aid to different vulnerable groups has otherwise been provided by NGOs (such as the Red Cross and Caritas). It can be stated that, during the pandemic, the government has mainly relied on support measures for the economy and for job preservation, and very little on new or modified measures of social protection.

3.3 Remaining gaps in the social protection system and social inclusion policies

So far, anti-COVID-19 measures have been directed primarily at the economy and job preservation. Although some measures have had an indirect effect on families, parents as a target group have been neglected within that package of measures, as well as the specific challenges they currently cope with (Dobrotić, 2020). The 2020 research report of the European Large Families Confederation has shown that among nine European countries encompassed by the research study (Cyprus, France, Italy, Hungary, Poland, Portugal, Romania, Spain and Croatia), only Croatia has not had any precise measure directed to support for families during the COVID-19 crisis (ELFAC, 2020). There have been no measures directed at the protection of families with children, and especially vulnerable families with children. As during the second semester of the 2019/2020 school year children did not attend classes at school but online, children from poor families no longer benefited from free school meals, which play an important role for them in terms of food safety and quality (Šućur and Babić, 2021). Additionally, there have been no measures to provide temporary assistance to parents when they could not use the services of kindergartens or schools.

The lack of measures directed towards families is also emphasised in a letter of the association of large families (Families 3+)³⁶ sent in December 2020 to the Prime Minister Plenković. The association indicates that there have been no measures aimed at families with a large number of children among the anti-COVID-19 measures adopted. In the letter, the association also outlines several proposals on how to improve support for families with children, including: the right to child allowance for all children; suspension of annual tax payments; subsidies for existing or new loans; doubling the maximum duration of sick leave to look after children under 7; free-of-charge administrative costs for repeated production of personal documents; free-of-charge supplementary health insurance; help with payment of municipal and other utility costs; payment of transport expenses; equipment for newborn children; and scholarships for children in families with a large number of children.

In addition, it seems that attention has been more directed towards unemployed people who worked before the pandemic and lost their jobs, whereas other unemployed people have been neglected (those who did not have work before the pandemic, and those who are looking for employment or have been unemployed for a longer period). While the first group might have had access to unemployment insurance benefits or secured one-time assistance at the local level, other groups could have only applied for general social

³⁶ <https://dnevnik.hr/vijesti/koronavirus/obitelji-3plus-od-plenkovica-i-aladrovica-traze-hitan-prijedlog-mjera---630984.html>

assistance or the minimum-income scheme (intended not for individuals but for households), for which income and assets thresholds hinder access.

Though the Croatian Government has made significant efforts to protect jobs and ensure sustainable healthcare, improvements in social protection measures have been lacking. For example, there have been no measures to simplify and facilitate access to unemployment insurance benefits, social assistance or other social benefits for unemployed and poor citizens.

The COVID-19 crisis has negatively affected civil society organisations that provide services and other types of support to vulnerable social groups. In times of crisis, some funded programmes for civil society organisations have been reduced or stopped, and tenders for EU funds have been slowed down or tenders have been abandoned. In such circumstances, the revenues of civil society organisations were reduced and civil society organisations began to lay off employees. Civil society organisations provide social services on a permanent basis to vulnerable social groups not covered by government programmes, but they are not eligible for the state job-preservation programme. Giving them eligibility would be an important contribution to their sustainability, and also an investment in the social integration of their beneficiaries. In April 2020, the "For a Strong Civil Society Initiative"³⁷ publicly drew attention these problems, but without any impact or even response from the government side. The statement said that female victims of domestic violence, people with disabilities, people at risk of poverty, children and young people, and older people will be left without services and other forms of assistance during the COVID crisis.

Croatian companies proved to be socially responsible, donating funds to hospitals for the purchase of respirators and other necessary medical equipment.³⁸ Citizens from the country and from abroad also made donations for the same purposes to civil society organisations. In the crisis period these forms of solidarity have improved the capacity of a fragile health system to treat COVID-19 patients, and visibly contributed to strengthening social cohesion.

3.4 Debates and recommendations

Most efforts related to job preservation undertaken by the government and the CES have enjoyed widespread public support, as well as the support of the social partners. The initial public debate revolved around those sectors and workers (including freelancers) who have not been eligible for support; different interest groups advocated enlarging the number of eligible beneficiaries of existing policy measures, and/or the introduction of specific policy measures for specific groups (e.g. calls issued by the Ministry of Culture for entrepreneurs and workers in the cultural and creative industries). Occasionally, some criticisms were expressed about delays in implementation or payments, but the overall efficiency with which job-preservation and short-work measures were implemented seems to have been satisfactory for a large number of beneficiaries.

Even if the moratorium on debt and loan enforcement ended in October 2020, the government wants to show social sensitivity, because enforcement proceedings are estimated to be about HRK 600 (€80) cheaper than before, and income revenues based on Christmas and Easter bonuses and other social payments cannot be seized. All political parties and citizens' associations have supported the moratorium on debt and loan enforcement, but opposition parties have considered that the moratorium should stay in force until the end of the pandemic. Contrary to this, the standpoint of the government has been that an extension of the moratorium would result in the accumulation of a larger

³⁷ <https://www.civilnodrustvo.hr/inicijativa-za-snazno-civilno-drustvo-vlada-treba-donijeti-mjere-za-ocuvanje-rada-civilnog-drustva>

³⁸ <http://idop.hr/hr/dop-trendovi/dop-u-vrijeme-covid-19/primjeri-drustveno-odgovornog-poslovanja-hrvatskih-poduzeca-u-vrijeme-koronavirusa>

number of enforcements and the situation would become even worse in the beginning of 2021.

It is still uncertain how long the current COVID-19-related crisis will last. Even if its public health aspects will be gradually resolved via vaccination, the social and economic consequences will be significant in the long term, with vulnerable social groups and many small enterprises being particularly affected. Moreover, since Croatia also suffered two catastrophic earthquakes in 2020, many resources that could have been used to address the consequences of the pandemic will possibly be redirected towards reconstruction.

Measures to prevent bankruptcies in the form of affordable credit lines and guarantees could be important instruments in the post-COVID-19 period, especially for small and medium enterprises. Job-preservation measures will be required not only in the near future, but also possibly longer. On 22 December 2020, these measures were extended for two more months (January and February 2021) and the last update included March, April and May 2021.

Even though the aforementioned measures have so far prevented unemployment soaring, higher increases in unemployment may occur in the future, due to lay-offs, bankruptcies and the reluctance of many employers to hire additional employees due to uncertain economic prospects. In order to diminish the risks and consequences of such a scenario, it is necessary to simplify procedures and access in relation to unemployment benefits, social assistance and other social benefit protection measures. So far, there have been no such measures, and the government should do more to protect citizens against possible increases in poverty. Therefore, in the next period it is important to put the policy focus on improving social transfers, and to direct different social protection measures towards affected citizens and their families in order to prevent a poverty increase. Increasing their disposable income would also stimulate aggregate demand and contribute to economic recovery in 2021.

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ANNEX**Table A1: Number of employees supported by job-protection measures, March 2020 to March 2021**

	Total number of employees covered by job-protection measures	Total cost of job-protection measures in million HRK (and €million)
March 2020	499,902	HRK 1,643.0 (€219.0)
April 2020	581,871	HRK 2,352.0 (€313.0)
May 2020	507,463	HRK 2,045.0 (€272.0)
June 2020	93,356	HRK 349.5 (€46.6)
July 2020	84,413	HRK 261.6 (€34.9)
August 2020	63,321	HRK 195.2 (€26.0)
September 2020	53,590	HRK 155.4 (€20.7)
October 2020	99,086	HRK 320.6 (€42.7)
November 2020	151,057	HRK 468.8 (€62.5)
December 2020	158,154	HRK 675.0 (€90.0)
January 2021	157,965	HRK 685.2 (€91.3)
February 2021	155,960	HRK 600.0 (€80.0)
March 2021	123,565	HRK 470.2 (€62.7)
Total: March 2020 – March 2021	2,729,703	HRK 9,821.5 (€1,361.4)

Source: Croatian Employment Service.

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