



EUROPEAN SOCIAL POLICY NETWORK (ESPN)

# Access to social protection for young people

## Croatia

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Social Europe

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## SUMMARY

Since 1 January 2019, unemployment benefits have been financed solely from general taxation (the previous insurance-based model was abolished, as was the 1.7% contribution rate on gross wages). However, the eligibility conditions and entitlement benefits were not changed, and so the reform has been neutral in terms of the availability of unemployment benefits to unemployed young people. Unemployment benefits eligibility criteria are relatively stringent in Croatia for all the unemployed, including young unemployed people. That results in a relatively low coverage of the unemployed by unemployment benefits (between 17% and 25% in the last 10 years).

Sickness benefit is mainly provided to economically active and insured persons, and the same rule applies to young people aged 15–29. Seriously ill and disabled young people can acquire various other rights within the healthcare system, and so it could be stated that there are no significant gaps or obstacles to young people's access to sickness and healthcare benefits.

There are contributory and non-contributory maternity and parental benefits. Benefit entitlements are the same for young people and other age groups. Benefits for employees and the self-employed are higher and are related to their previous salaries, while benefits for the unemployed and economically inactive persons are flat and are related to the budgetary basis. The current system of maternity and parental benefits is comprehensive: it covers all groups of young people, as well as all other age groups and economic-activity statuses.

Guaranteed minimum income (GMI) is available to persons of all activity statuses, except economically inactive persons of working age (15–65). Eligibility conditions are no different for young people, but the amount of GMI for minors (15–17) is less than for young people aged 18–29 or for persons over 29. Access to GMI for young people and other groups is difficult because of low income and property thresholds.

Housing benefits in Croatia are tied benefits: they are available only to beneficiaries of GMI or personal disability allowance. There are no special housing benefits or regulations for young people. Housing is a particularly critical issue for young people in larger cities – especially those who move to a larger city to get employment. This population needs an appropriate housing allowance.

Section 7.3 of the report presents a few recommendations aimed at improving access to social protection for young people, especially those who are most vulnerable.

# 1 KEY FIGURES ON THE SOCIO-ECONOMIC SITUATION OF YOUNG PEOPLE<sup>1</sup>

## 1.1 Distribution of young people (aged 15–29) by main activity status

**Table 1a: Main activity status of people aged 15-29 and 30-64 (2015-2020, EU-27 and Croatia, % 15-29 and 30-64)**

	CROATIA											
	15-29						30-64					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	35.6	39.8	40.9	41.3	43.5	41.4	63.4	63.1	65.4	67.4	68.5	69.1
<i>Paid employment**</i>	93.8	95.1	95.7	95.7	95.4	95.6	83.6	85.1	86.7	87.2	87.0	86.6
<i>Self-employment**</i>	2.5	2.9	2.4	2.4	3.0	2.9	12.9	12.2	11.1	11.0	11.4	11.9
<i>Contributing family work**</i>	3.7	2.1	1.9	1.9	1.6	1.5	3.5	2.6	2.2	1.8	1.6	1.5
UNEMPLOYMENT***	29.7	24.6	21.8	17.6	13.2	16.6	13.0	10.2	8.6	6.3	5.1	5.5
INACTIVITY****	49.3	47.2	47.7	49.8	49.9	50.4	27.1	29.8	28.5	28.0	27.8	26.9
	EU-27											
	15-29						30-64					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	45.0	45.9	46.9	47.7	48.2	46.1	71.4	72.4	73.5	74.5	75.3	74.9
<i>Paid employment**</i>	91.8	92.2	92.4	92.6	92.8	92.5	83.0	83.3	83.7	84.0	84.1	84.2
<i>Self-employment**</i>	5.3	5.2	5.2	5.2	5.1	5.4	14.6	14.5	14.3	14.2	14.2	14.1
<i>Contributing family work**</i>	2.9	2.6	2.4	2.2	2.1	2.1	2.4	2.2	2.0	1.8	1.7	1.7
UNEMPLOYMENT***	17.3	15.8	14.2	12.8	11.9	13.3	8.5	7.7	6.9	6.1	5.6	5.8
INACTIVITY****	45.6	45.4	45.3	45.3	45.3	46.8	22.0	21.6	21.0	20.6	20.2	20.5

Notes: (\*) The employment rate is expressed as a share (%) of the total population in the age group. The 3 categories of employment (paid employment [i.e. employees], self-employment and contributing family work) are expressed as a share (%) of the population in employment in the age group. Contributing family work is a form of labour (generally unpaid, although compensation may come indirectly in the form of family income) that supports another member of the family to run an agricultural holding or another business. (\*\*) The unemployment rate is expressed as a share (%) of the active population, i.e. the population that is either in employment or unemployed (not the total population), in the age group. (\*\*\*) The inactivity rate is expressed as a share (%) of the total population in the age group.

Reading note: In 2020, in Croatia, 41.4% of people aged between 15 and 29 were in employment, compared to 69.1% of those aged 30-64. In the EU-27 as a whole, these figures were 46.1% and 74.9%, respectively. The share of people unemployed in the active population in Croatia was 16.6% of the 15-29 age group and 5.5% of the 30-64 age group (EU-27 average: 13.3% and 5.8%). The shares of people economically inactive in Croatia in the 15-29 and 30-64 age groups were 50.4% and 26.9%, respectively (EU-27 average: 46.8% and 20.5%).

Source: Eurostat, ESPN Network Core Team calculations based on LFS indicators [lfsa\_eegais], [lfsa\_egaps], [lfsa\_pganws] and [lfsa\_igan]. Data downloaded on 24 May 2021.

<sup>1</sup> Except where otherwise specified, the indicators presented in Section 1 of this report were computed by the ESPN Network Core Team on the basis of data coming from two data sources coordinated at the European level by the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>): European Union Labour Force Survey (EU-LFS) and European Union Statistics on Income and Living Conditions (EU-SILC). These indicators were computed for all the 35 ESPN countries for which the data needed were available. All these ESPN countries' estimates are presented in Annex B of the following Synthesis Report: Dalila Ghailani, Stéphanie Coster, Ramón Peña-Casas and Pietro Regazzoni (2021), "Access to social protection for young people. An analysis of policies in 35 countries", European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This Synthesis Report can be downloaded [here](#).

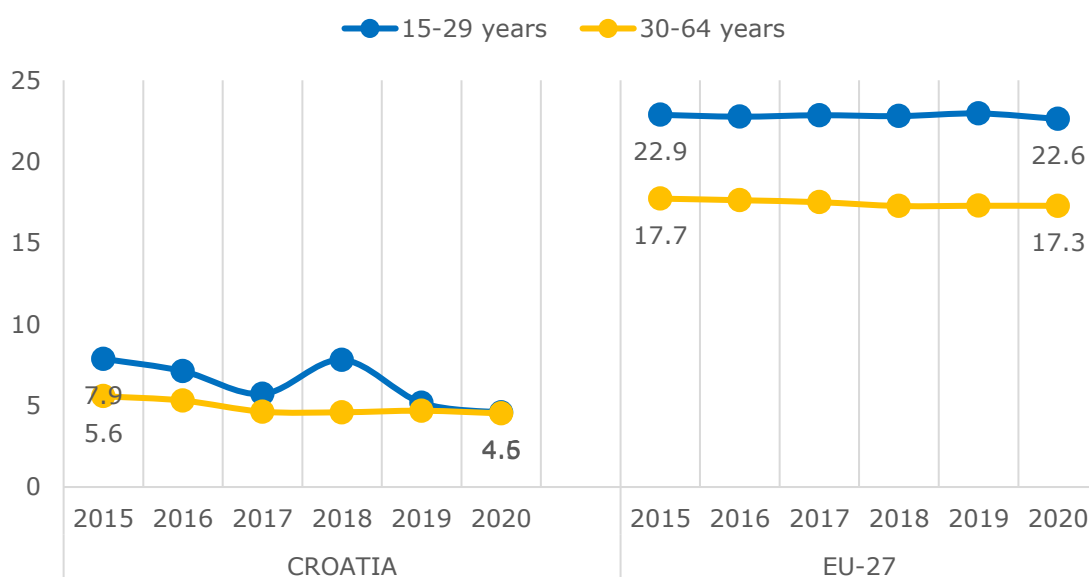
**Table 1b: Main activity status of people aged 15-29 and 30-64 (2015-2020, EU-27 and Croatia, ratios 15-29/30-64)**

	CROATIA						EU-27					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
EMPLOYMENT RATE*	0.56	0.63	0.63	0.61	0.63	0.60	0.63	0.63	0.64	0.64	0.64	0.62
Paid employment**	1.12	1.12	1.10	1.10	1.10	1.10	1.11	1.11	1.10	1.10	1.10	1.10
Self-employment**	0.19	0.23	0.22	0.22	0.26	0.24	0.36	0.36	0.36	0.36	0.36	0.38
Contributing family work**	1.07	0.78	0.84	1.06	1.00	0.98	1.21	1.20	1.21	1.24	1.24	1.20
UNEMPLOYMENT***	2.29	2.41	2.54	2.78	2.57	3.02	2.04	2.06	2.06	2.09	2.10	2.29
INACTIVITY****	1.82	1.58	1.67	1.78	1.80	1.87	2.07	2.11	2.16	2.20	2.24	2.29

Notes: To obtain the ratio of 15-29 to 30-64, the 15-29 percentage is divided by the 30-64 percentage: a value below (above) 1 in a given activity status therefore means that 15-29-year-olds are proportionally less (more) numerous in that activity status than 30-64-year-olds. See also Notes to Table 1a above.

Reading note: In 2020, in Croatia, 41.4% of people aged between 15 and 29 were in employment compared to 69.1% of those aged 30-64 (see Table 1a) – i.e. a 15-29:30-64 ratio of 0.60. In the EU-27 as a whole (see table 1a), these figures were 46.1 and 74.9% respectively (ratio 0.62).

Source: See Table 1a.

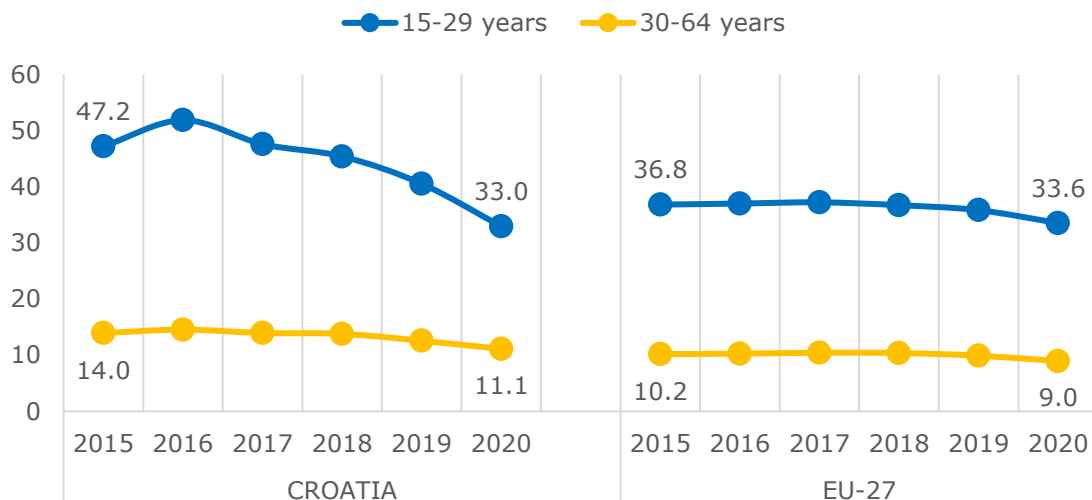
**Figure 1: Part-time employment as a share of the population in employment - comparison of the 15-29 and 30-64 age groups (2015-2020, EU-27 and Croatia, %)**

Reading note: In 2020, in Croatia, the share of part-time employment in total employment was 4.6% for the 15-29 age group and 4.5% for the 30-64 age group. For the EU-27 as a whole, these shares were 22.6% and 17.3%, respectively.

Source: Eurostat, ESPN Network Core Team calculations based on Eurostat LFS indicator [lfsa\_epgn62]. Data downloaded on 24 May 2021.



**Figure 2: Temporary employment as a share of population in paid employment - comparison of the 15-29 and 30-64 age groups (2015-2020, EU-27 and Croatia, %)**

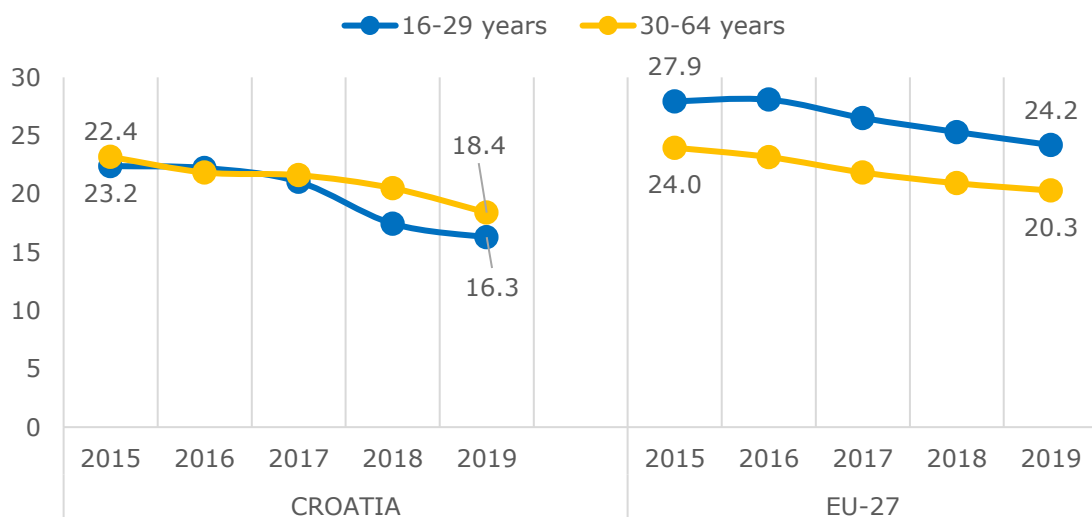


Reading note: In 2020, in Croatia, the share of temporary workers among employees was 33.0% for the 15-29 age group and 11.1% for the 30-64 age group. For the EU-27 as a whole, these shares were 33.6% and 9.0%, respectively.

Source: Eurostat, ESPN Network Core Team calculations based on Eurostat LFS indicators [lfsa\_epgn62] and [lfsa\_egaps]. Data downloaded on 24 May 2021.

### 1.2 Young people (aged 15–29) at risk of poverty or social exclusion

**Figure 3: People at risk of poverty or social exclusion - comparison of the 16-29 and 30-64 age groups (2015-2020, EU-27 and Croatia, %)**

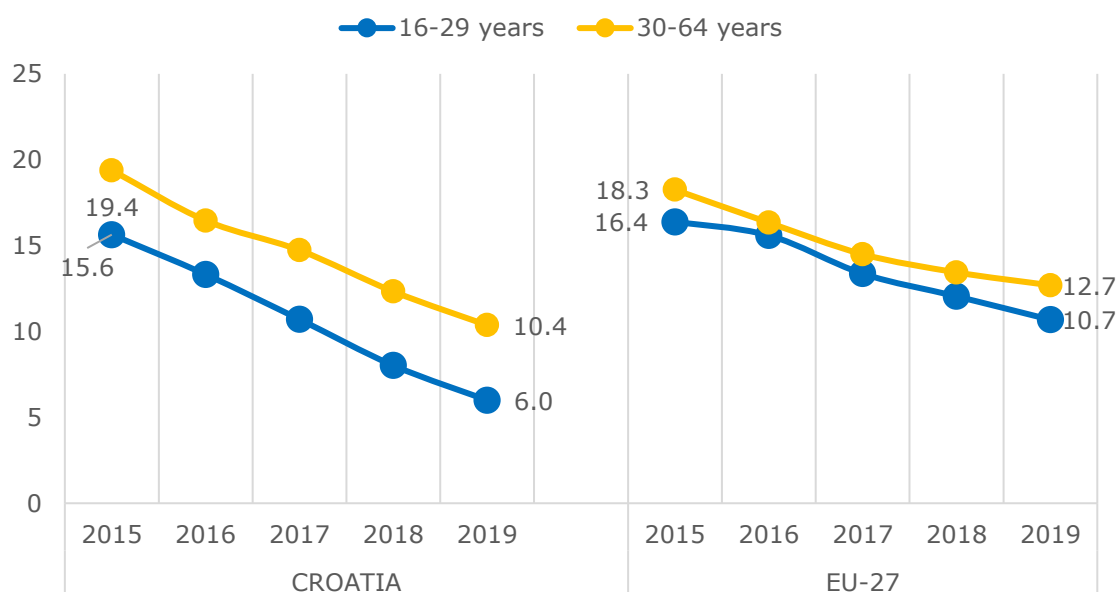


Reading note: In 2019, in Croatia, 16.3% of the 16-29 age group were at risk of poverty or social exclusion (i.e. they were living in a household that was at risk of poverty and/or severely materially and socially deprived and/or (quasi-)jobless according to the EU definition of these indicators) compared to 18.4% of the 30-64 age group. For the EU-27 as a whole, these figures were 24.2% and 20.3%, respectively.

Source: Eurostat, EU-SILC ad hoc extraction - indicator [ilc\_peps02]. Data downloaded on 24 May 2021.

### 1.3 Young people (aged 15–29) materially and socially deprived

**Figure 4: People materially and socially deprived - comparison of the 16-29 and 30-64 age groups (2015-2020, EU-27 and Croatia, %)**

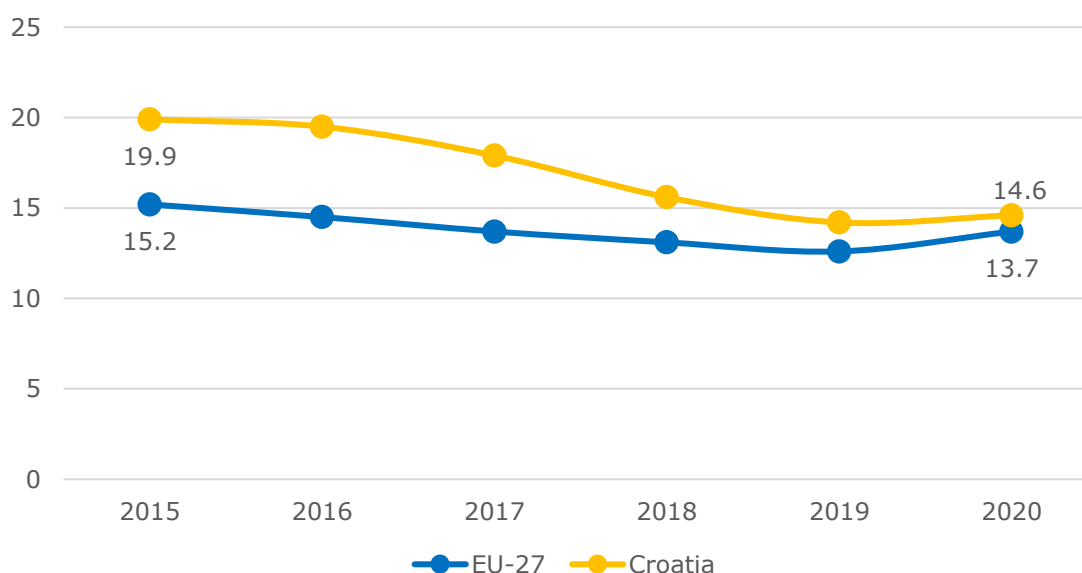


Reading note: In 2019, in Croatia, 6.0% of the 16-29 age group were materially and socially deprived (according to the EU definition of this indicator) compared to 10.4% of the 30-64 age group. For the EU-27 as a whole, these figures were 10.7% and 12.7%, respectively.

Source: Eurostat, EU-SILC ad hoc extraction - indicator [ilc\_mdsd]. Data downloaded on 24 May 2021.

### 1.4 Young people (aged 15–29) neither in employment nor in education or training (NEETs)

**Figure 5: People aged 15-29 neither in employment nor in education or training (NEETs) (2015-2020, EU-27 and Croatia, %)**

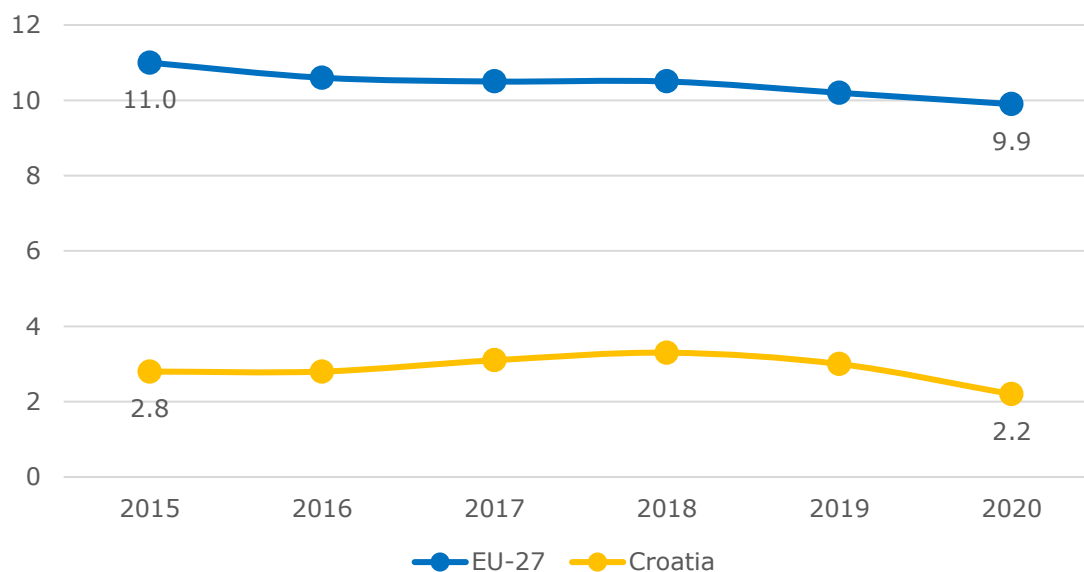


Reading note: In 2020, in Croatia, 14.6% of the 15-29 age group were neither in employment nor in education or training (NEET) compared to 13.7% for the EU-27 as a whole.

Source: Eurostat, LFS - indicator [lfse\_20]. Data downloaded on 24 May 2021.

## 1.5 Early leavers (aged 18–24) from education and training

**Figure 6: Early leavers from education and training for the 18-24 age group (2015-2020, EU-27 and Croatia, %)**

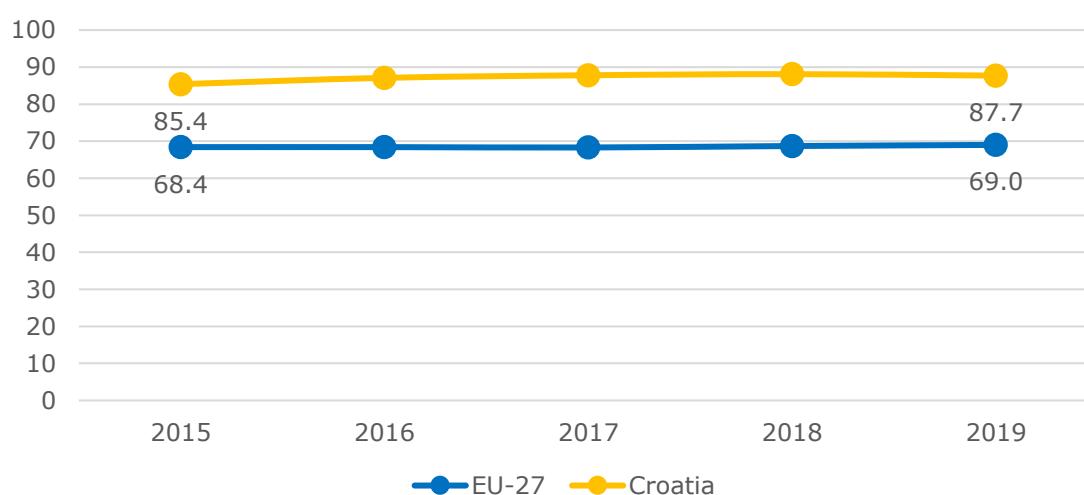


*Reading note: In 2020, in Croatia, 2.2% of the 18-24 age group were early leavers from education and training – i.e. they had completed, at most, lower secondary education and were not in further education or training. For the EU-27 as a whole, this figure was 9.9%.*

*Source: Eurostat, LFS - indicator [edat\_ifse\_14]. Data downloaded on 24 May 2021.*

## 1.6 Young people (aged 16–29) living with their parents

**Figure 7: Young people aged 16-29 living with their parents (2015-2019, EU-27 and Croatia, %)**



*Reading note: In 2019, in Croatia, 87.7% of the 16-29 age group were living with their parents, compared to 69.0% for the EU-27 as a whole.*

*Source: EU-SILC - indicator [ilc\_lvps08]. Data downloaded on 24 May 2021.*

## 2 ACCESS TO UNEMPLOYMENT BENEFITS

From 1 January 2019, unemployment benefits have been financed solely from general government contributions, while the insurance-based model has been abolished. The rights of the unemployed in Croatia are defined by the new Labour Market Law.<sup>2</sup> The unemployment rate among young people in Croatia is relatively high: 16.6% in 2020, compared to 5.5% in the age group 30–64. In addition, the ratio of the unemployment rate among people aged 15–29 to the rate among people aged 30–64 in 2020 was, at 3.2, one of the highest in the EU-27, where the average ratio in 2020 was 2.29 (see Section 1).

### 2.1 Eligibility conditions and benefit entitlement

The main eligibility conditions and benefit entitlements that apply to the scheme in Croatia as far as young people are concerned are the following:

#### a) Age

The right to unemployment insurance benefit is granted to anyone aged 15 and over who has not reached retirement age.

#### b) Activity status requirement

To be eligible for unemployment benefit (UB), an unemployed person has to have accumulated at least 9 months in work in the last 24 months at the time his/her contract is terminated, regardless of the type of employment contract (people on fixed-term contracts, part-time workers, temporary agency workers and the self-employed are also included). Apprenticeships in Croatia form part of the education system and are regulated by the Act on Crafts, and so apprentices (and also trainees) are not eligible for UB.

#### c) Contributory history required to access the scheme

A total of 9 months in work in the last 24 months is required (the insurance-based UB model and the 1.7% contribution rate were abolished from 1 January 2019). The contributions record required for young people aged 15–29 is the same.

#### d) Waiting period

No waiting period is required.

#### e) Replacement rate/benefit level

Unemployment benefit is calculated on the basis of the last 3 months' earnings before the termination of employment. For the first 90 days of unemployment, the benefits amount to 60% of the calculation base, halving to 30% of the calculation base after that. Both the maximum and the minimum amount of benefits is defined, and in the first 90 days, the maximum unemployment benefits cannot exceed 70% of the average wage; after that period, they cannot exceed 35% of the average wage in the Croatian economy. The minimum monthly unemployment benefit cannot be less than 50% of the minimum wage, which was HRK 4,250 (€567) in 2021. The calculation for young people (15–29) is the same.

#### f) Duration

The duration for young people (15–29) is the same.

### 2.2 Gaps/obstacles in access for young people

The main gaps and obstacles in the access for young people identified for this scheme in Croatia are the following:

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<sup>2</sup> <https://www.zakon.hr/z/1751/Zakon-o-tr%C5%BEi%C5%A1tu-rada>

### **a) Main gaps in access for young people**

The main challenge in the access to unemployment benefit for young people (coming straight from the education system) is the requirement to have had a minimum of 9 months' work in the previous 2 years. This means that young graduates and school leavers without a previous work history of 9 months in the past 2 years do not have access to unemployment benefit. The condition has remained unchanged, even when Croatia abandoned its insurance-based UB model from 1 January 2019.

As mentioned above, apprenticeships form part of the education system and are regulated by the Act on Crafts, while traineeships are regulated for different professions but are also part of active labour market policy measures; thus apprentices and trainees are not eligible for UB in Croatia.

### **b) Main obstacles in access for young people**

The main obstacle for young people is the requirement to have had 9 months of work in the past 2 years. Many young people (especially those who have recently left full-time education) have no work history, or else have worked for less than 9 months in the last 2 years.

## **3 ACCESS TO SICKNESS AND HEALTHCARE BENEFITS**

### **3.1 Sickness benefits**

The main sickness cash benefit in Croatia is salary compensation during temporary incapacity to work due to sickness, injury or complications of pregnancy, or else for some other sickness-related reasons (e.g. medical examination during working hours, accompanying a sick person for medical treatment or caring for a sick child or spouse). It is primarily delivered to economically active and insured persons, such as employees (including non-standard salary earners) and the self-employed. In addition to economically active persons, the right to sickness cash benefit is also provided to those who care for a vulnerable person (e.g. if they take care of someone disabled in the Homeland War (1991–1995), or if they are a parent who cares for a child with disabilities). The benefit level paid by the employer depends on the collective agreement provisions, but cannot amount to less than the statutory threshold of 70% of the base amount. The level of sickness benefit paid by the Croatian Health Fund depends on the qualifying period – i.e. at least 9 months of consecutive insurance contributions prior to the claim, or 12 months with interruptions over the previous 2 years. Anyone who does not fulfil these criteria is eligible only for a minimum sickness cash benefit amounting to 25% of the budgetary basis, i.e. HRK 832 (€109) per month. The maximum sickness benefit paid by the fund amounts to 128% of the budget base, i.e. HRK 4,257.28 (€556).

#### **3.1.1 Eligibility conditions and benefit entitlements**

The main eligibility conditions and benefit entitlements that apply to the scheme in Croatia as far as young people are concerned are the following:

##### **a) Age**

It is not a criterion for sickness benefits.

##### **b) Activity status requirement**

Sickness benefit is primarily provided to economically active and insured persons, such as employees (including non-standard salary earners) and the self-employed, while the unemployed are not covered. In specific circumstances, the right to sickness cash benefit covers persons who care for vulnerable others (e.g. parents caring for disabled children, etc.). Trainees and apprentices have access to the scheme if they are employed on the basis of a work contract.

### **c) Contributory history required to access the scheme**

There is a requirement for 9 months of consecutive insurance prior to the claim, or 12 months with interruptions over the previous 2 years (otherwise, if this criterion is not fulfilled, only a minimum sickness cash benefit amounting to 25% of the budgetary basis, i.e. HRK 832 (€109) is paid each month). For young people (15–29), the requirements are the same.

### **d) Waiting period**

There is no waiting period for employees, but there is for the self-employed. This difference can be justified by the fact that employers have to cover salary compensation for the first 42 days of sick leave (continued payment by the employer), while the Croatian Health Insurance Fund covers it from the day 43 onwards. In line with that provision, self-employed persons are granted sickness cash benefit only from day 43, as they do not have an employer to pay salary compensation during the first 42 days, as is the case for employees. The same rule also applies to young people (15–29).

### **e) Replacement rate/benefit level**

The calculation for young people (15–29) is the same.

### **f) Duration**

The duration for young people (15–29) is the same.

## **3.1.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Croatia are the following:

### **a) Main gaps in access for young people**

Sickness benefit is mainly provided to economically active and insured persons, and the same rule applies to young people aged 15–29; thus, no significant gaps can be observed (except that young people have a short or no work history). *Parent caregiver* status can be acquired by the parents of a child with developmental disabilities or a *disabled adult*. This brings a monthly cash benefit of HRK 4,000 (€533), plus a child allowance of HRK 832 (€109) monthly for a seriously impaired child up to the age of 21.

### **b) Main obstacles in access for young people**

There are no significant obstacles to young people's access to sickness benefit in Croatia.

## **3.2 Healthcare benefits**

The healthcare system in Croatia is based on compulsory healthcare insurance, financed by contributions covering de facto the whole population, while young people up to the age of 18 are insured by their working parents, and students are insured by the state. Compulsory insurance covers the cost of treatment to varying degrees; the remaining amount must be paid either by the patient or by the patient's voluntary, supplementary insurance. Co-payment is 20% of health expenses, with a cap on co-payment of HRK 2,000 (€264) per health bill issued.

### **3.2.1 Eligibility conditions and benefit entitlements**

The main eligibility conditions and benefit entitlements that apply to the scheme in Croatia as far as young people are concerned are the following:

**a) Age**

Healthcare benefits exist in Croatia, but eligibility conditions are not connected with age.<sup>3</sup>

**b) Activity status requirement**

Activity status is not required.

**c) Contributory history required to access the scheme**

No requirement related to the period of insurance.

**d) Waiting period**

There is no waiting period.

**e) Replacement rate/benefit level**

The healthcare benefits calculation for young people (15–29) is the same. On the other hand, patients under the age of 18 are *exempt from co-payment fees*. The same applies to regular students, persons suffering from certain listed diseases (for those diseases only), persons with a disability who need constant assistance, and organ donors.

**f) Duration**

Duration for young people (15–29) is the same.

**3.2.1 Gaps/obstacles in access for young people**

The main gaps and obstacles in access for young people identified for this scheme in Croatia are the following:

**a) Main gaps in access for young people**

There are no significant gaps in access to healthcare benefit for young people in Croatia.

**b) Main obstacles in access for young people**

There are no significant obstacles to access to healthcare benefit for young people in Croatia.

**4 ACCESS TO MATERNITY, PATERNITY AND PARENTAL CASH BENEFITS**

There is a range of contributory and non-contributory maternity and parental schemes and benefits.

The main contributions-based benefits are maternity and parental benefits. Maternity leave is available to any employed or self-employed pregnant woman or mother from 45 days before the expected date of birth and lasts until the child turns 6 months (the mandatory part of maternity leave includes the period from 28 days before the expected birth until 70 days after the birth of the child). Additional maternity leave covers the period from the expiration of the mandatory part of maternity leave until the child reaches the age of 6 months. After the expiration of the mandatory maternity leave, the child's mother can transfer the remaining part of the maternity leave (in full or in part) to the child's father.

Once the child is 6 months old, an employee or self-employed parent is entitled to parental leave, which employed or self-employed parents can take for 8 months (for the first and second child) or 30 months (for twins and for a third or subsequent child). The right to

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<sup>3</sup> For instance, reimbursement of travel expenses if the person is referred for healthcare treatment outside their place of residence or reimbursement of funeral expenses in the event of death due to an occupational accident or disease attract a lump sum of HRK 3,326 (€439).

parental leave is enjoyed by both parents (each parent can take it for 4 months). If only one of the parents takes parental leave, it lasts for 6 months.

The right to adoption leave is acquired by an employed or self-employed adoptive parent. An employed or self-employed adoptive parent is entitled to adoption leave for a period of 6 months for a child aged up to 18 years. Alongside adoption leave, an employed or self-employed adoptive parent has the right to parental leave. During adoption leave, the salary compensation is 100% of the salary compensation base (no limit); during parental leave, it is limited to 170% of the budget base.

The main non-contributory schemes are maternity and parental care of the child. Maternity care for a child refers to the period from the birth of a child until that child is 6 months old; parental care refers to the period from 6 months until the child turns 1 year (for the first and second child) or until the child turns 3 years (in the case of twins, or for the third or subsequent child). An unemployed parent or a parent outside the labour system is entitled to a cash benefit during maternity and parental care, amounting to 70% of the budget base.

An unemployed or inactive beneficiary who has become an adoptive parent has the right to adoptive child care for 12 months, provided the adoptive parent's spouse is not the adoptee's parent, and so long as he/she meets the conditions for acquiring the right to maternity and parental care. During the exercise of this right, the user is entitled to financial compensation of 70% of the budget base per month.

One-time financial support for a new-born child is available to all parents (employed, self-employed, unemployed or inactive), provided that, at the time of the child's birth, the parent meets the following conditions: he/she is a Croatian citizen with permanent residence or a foreigner with permanent residence in the Republic of Croatia for a continuous period of at least 12 months (5 years for inactive parents), and he/she has health insurance according to the regulations on compulsory health insurance. One-time financial support amounts to 70% of the budget base.

## **4.1 Contributory maternity, paternity and parental cash benefits**

### **4.1.1 Eligibility conditions and benefit entitlements**

The main eligibility conditions and benefit entitlements that apply to the scheme in Croatia as far as young people are concerned are the following:

#### **a) Age**

Age is not a criterion for this scheme.

#### **b) Activity status requirement**

Benefits are available to all employees (including non-standard workers) and the self-employed, irrespective of their age. Trainees are regarded as employees, since they have the status of an insured person, according to the mandatory health and pension insurance. Apprentices are considered to be in education.

#### **c) Contributory history required to access the scheme**

There are no specific requirements for young people. If, in the period prior to maternity or parental leave, an employee or self-employed person (irrespective of age) has worked for less than 9 months without interruption (or less than 12 months with interruptions) in the previous two years, he/she is still entitled to a reduced benefit (in this case, his/her benefit is linked not to previous earnings, but to the budgetary basis). There is no paternity leave in Croatia, but fathers can take additional maternity leave (70 days from birth until the child is 6 months old) and parental leave on the same terms as mothers.

#### **d) Waiting period**

No waiting period is required.



**e) Replacement rate/benefit level**

The calculation of benefits is the same for young people and other age groups. Beneficiaries in the period of maternity leave are entitled to salary compensation of 100% of the basis for salary compensation (without any limit) specified in the regulations on compulsory health insurance. The basis for salary compensation is defined as the average amount of salary paid to an insured person in the 6 months prior to the month in which the right to the benefit is acquired.

In order to obtain the right to benefit worth 100% of the basis for salary compensation, all employees or self-employed persons – irrespective of age – must meet the condition for years of service (they must have worked for 9 months without interruption, or for 12 months with interruptions, in the last 2 years). If this condition is not met, beneficiaries are still entitled to maternity benefit, but the benefit during maternity leave amounts to 70% of the budgetary basis.

Salary compensation during parental leave is set in the same way for all employees and self-employed persons, irrespective of age. In the first 6 months of parental leave, the benefit is paid out as 100% of the basis for salary compensation. However, in the case of full-time work it cannot exceed 170% of the budgetary basis per month (HRK 5,654 or €754) and nor can it be less than 70% of the budgetary basis (HRK 2,328 or €310). As with maternity benefits, the right to 100% of the basis for salary compensation is available only if the condition stipulating years of service is met (employees and the self-employed have to have worked for 9 months without interruption, or for 12 months with interruptions, in the previous 2 years). If they have not, they are entitled to 70% of the budgetary basis. In the remaining part of parental leave – after the first 6 months – salary compensation amounts to 70% of the budgetary basis for all.

**f) Duration**

There are no differences in the duration of benefits with regard to age.

**4.2 Non-contributory maternity, paternity and parental cash benefits****4.2.1 Eligibility conditions and benefit entitlements**

The main eligibility conditions and benefit entitlements that apply to the scheme in Croatia as far as young people are concerned are the following:

**a) Age**

Age is not a criterion for this scheme.

**b) Activity status requirement**

Benefits are available to all unemployed or economically inactive persons (apprentices, students, pensioners, housewives, etc.), irrespective of age.

**c) Contributory history required to access the scheme**

There are no special requirements.

**d) Waiting period**

No waiting period is required.

**e) Replacement rate/benefit level**

Unemployed or inactive beneficiaries (irrespective of age) receive a lower benefit during maternity and parental leave than do employees or self-employed claimants. The benefits for unemployed and inactive users are fixed and amount to 70% of the budgetary basis per month (HRK 2,328 or €310).

**f) Duration**

In this respect, there are no differences with regard to age or with regard to employees or self-employed users.

**4.3 Overall gaps/obstacles in access for young people**

The main gaps and obstacles in the access for young people identified for this scheme in Croatia are the following:

**a) Main gaps in access for young people**

The current system of maternity and parental benefits is comprehensive: it covers all groups of young people, as well as all other age groups and economic-activity statuses. However, young people usually have a short work history and may receive lower contributory benefits, even if they are employed. On the other hand, economically inactive young people (students and others) receive lower benefits because non-contributory benefits are generally lower than contributory ones.

**b) Main obstacles in access for young people**

There have been no research studies about the non-take-up of maternity or parental benefits regarding young people or other groups.

**5 GUARANTEED MINIMUM INCOME SCHEMES****5.1 Eligibility conditions and benefit entitlements**

The main eligibility conditions and benefit entitlements that apply to the scheme in Croatia as far as young people are concerned are the following:

**a) Age**

Age is not a criterion for this scheme (all age groups have access to GMI).

**b) Activity status requirement**

GMI is available to employees (including non-standard workers), the self-employed, the unemployed and economically inactive persons (except economically inactive, able-bodied persons aged 15–64 who are not in education or training).

Trainees are regarded as employees (they have the status of an insured person according to the mandatory health and pension insurance). Apprentices are regarded as being in education.

**c) Other eligibility conditions**

There are conditions on residence and nationality, but these are no different for young people. In addition, all unemployed persons – irrespective of age – are obliged to participate in unpaid community service.

**d) Benefit level**

The amount of GMI for young people aged 15–17 is lower than for those aged 18–29, or for persons over 29. Young people aged 15–17 are treated as children and are entitled to benefit worth 40% of the standard benefit or the basis in the welfare system (except children in single-parent families, who are entitled to 55% of the basis). All persons older than 17 are entitled to 60% of the basis (100%, if they are single parents).

**e) Distinctions between different groups of young people**

As already mentioned under bullet b), minors aged 15–17 are entitled to a lower GMI benefit than are adult young people.

## 5.2 Gaps/obstacles in access for young people

The main gaps and obstacles in the access for young people identified for this scheme in Croatia are the following:

### a) Main gaps in access for young people

With regard to eligibility conditions and benefit entitlements, GMI is available to all age groups, including young people of various activity statuses.

### b) Main obstacles in access for young people

Access to GMI for young people and other groups is difficult because of low income and property thresholds. For this reason, only a little over 10% of Croatian citizens whose income is below the relative poverty line (set at 60% of the national median disposable income) are entitled to GMI. The income threshold in GMI is not tied to any poverty line. Current income eligibility thresholds are below the Croatian food basket for all household types.<sup>4</sup> This means that Croatian families with income that is insufficient to satisfy adequate food intake, but that is above the eligibility threshold, are not eligible for the GMI benefit.

So far, no research studies have been carried out about the non-take-up of GMI by young people or other age groups.

## 6 HOUSING BENEFITS

Under the Social Welfare Act, households that already receive GMI and individuals who receive personal disability allowance are eligible for housing allowance. This programme is financed by local and regional authorities. In the case of wood heating, the regional authorities provide additional wood. If electricity is used for heating, households can receive an additional transfer of up to €27 per month, which is nationally funded.

### 6.1 Eligibility conditions and benefit entitlements

The main eligibility conditions and benefit entitlements that apply to the scheme (housing allowance, fuel benefit and benefit for vulnerable energy consumers) in Croatia as far as young people are concerned are the following:

#### a) Age

Age is not a criterion for these benefits.

#### b) Activity status requirement

The household has the right to housing benefits, and implicitly these benefits are available to all persons, whatever their activity status, provided they are members of the household that receives the benefit.

#### c) Other eligibility conditions

There are conditions on residence and nationality, but these are no different for young people.

Housing benefits in Croatia are tied benefits – they are available to: a) a person who is the recipient of GMI or is a member of a household that receives GMI, and b) a person who receives personal disability allowance or who lives in the same household as someone who receives personal disability allowance. Fuel benefits are available only to those GMI recipients who heat their homes using firewood.

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<sup>4</sup> For example, the GMI threshold for a single person capable of work amounts to HRK 800 (€107), while the corresponding minimum food basket for this household type is HRK 1,274 (€170) (European Commission, 2016).

#### **d) Benefit level**

The amount of housing allowance depends on the level of actual housing costs, but it cannot be greater than 50% of GMI for households.<sup>5</sup> The level of the benefit for vulnerable energy consumers depends on the level of actual electricity costs, but can be up to HRK 200 (€27) per month. Fuel benefits are flat.

#### **e) Distinctions between different groups of young people**

There are no distinctions between different groups of young people.

### **6.2 Gaps/obstacles in access for young people**

The main gaps and obstacles in the access for young people identified for this scheme in Croatia are the following:

#### **a) Main gaps in access for young people**

The main gap in access to housing benefits – a gap that affects all age groups, including young people – is that only GMI recipients and recipients of personal disability allowance are eligible for housing benefits. Therefore, households that are not part of the social welfare system are not entitled to these benefits, even if housing costs take up a very high share of their household income.

#### **b) Main obstacles in access for young people**

There are no specific obstacles for young people, as the benefits are not linked to age.

## **7 REFORMS, NATIONAL DEBATES AND RECOMMENDATIONS**

### **7.1 Reforms implemented since 2015**

Up until 1 January 2019,<sup>6</sup> unemployment benefits in Croatia were insurance-based unemployment benefits, with the employed and the self-employed paying a contribution of 1.7% of gross salary to cover the risk of unemployment. A major change regarding the financing of unemployment benefits occurred as a result of a tax reform package adopted by the Croatian Parliament in December 2018. Under this reform, the unemployment insurance-based model was abolished, as was the 1.7% contribution rate on gross wages. From 1 January 2019, unemployment benefits have been financed solely from general taxation. However, the eligibility conditions and entitlement benefits have not changed, and so this reform has been neutral in terms of the availability of unemployment benefits to unemployed young people.

Regarding parental benefits for employees and the self-employed, the amendments to the Act on Maternity and Parental Benefits passed in 2020 have enabled people with shorter work records to access the benefits. In particular, since April 2020, the necessary qualifying period for employed and self-employed parents has been reduced from 12 months of uninterrupted service to 9 months in the previous 2 years, and from 18 months of service with interruptions in the last 2 years to 12 months.

In 2015, amendments to the Social Welfare Act were accepted by the Croatian Parliament, and they influenced access to GMI for all unemployed persons, irrespective of their age. More precisely, under the 2013 Social Welfare Act (Art. 39), an unemployed person had the right to GMI for no more than 2 years continuously. After that, an unemployed person was not entitled to, and could not apply for, GMI in the subsequent 3 months. That meant that an unemployed person could not claim GMI for 3 months, regardless of whether all

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<sup>5</sup> This means that the maximum amount of housing allowance depends on the level of GMI, which is the result of the number of household members (except economically inactive persons of working age (15–65) not in education) and the age of members (see Section 5.1(b) and (d)).

<sup>6</sup> [https://narodne-novine.nn.hr/clanci/sluzbeni/2018\\_11\\_106\\_2063.html](https://narodne-novine.nn.hr/clanci/sluzbeni/2018_11_106_2063.html)

the other conditions were met – and even if he/she had to live in extreme poverty. This regulation was technically in force from the beginning of 2014 up to September 2015, when it was abolished. However, since Article 39 was suspended less than 2 years after the act was passed, the regulation was never implemented. There have been no changes in access to GMI in response to the COVID-19 crisis.

## 7.2 National debates

There are several documents at the national and local level that point to the importance of social protection for young people. For instance, the National Youth Programme for the period 2014 to 2017 sees social protection as an instrument for preventing and mitigating poverty among young people, and as a tool in combating different forms of social exclusion. The programme indicates the following youth groups at risk of exclusion: unemployed young people; young people who have dropped out of education; young Roma people; young people with disabilities; young people without adequate parental care; etc. This document, as well as other documents about young people, places an emphasis on various services, rather than on financial benefits. Counselling services and other services provided by the government and non-governmental institutions are considered to be crucial in the prevention of social exclusion or addictions. The most important services for young people are those that concern education and employment. A research study (Ilišin and Spajić Vrkaš, 2015) has shown that young people themselves perceive unemployment to be their biggest problem and believe that it is crucial to provide equal opportunities for all in education and employment.

Discussions of youth issues are encouraged when the results of research on youth issues are presented to the public. These findings are often related to research by the Croatian Youth Network (CYN). Thus, a survey on the position of young people after 7 years of Croatian membership of the EU indicated that almost 70% of young people believed it was either more difficult or just as difficult to cover subsistence costs from the average salary today, as it was in 2013.<sup>7</sup> More than 60% of young people answered that housing was more affordable 7 years previously than it was at the time of the survey.

The main effect of precarious jobs on young people is that they are prevented from becoming independent; or more precisely, they are prevented from pursuing an independent life that (often) involves starting a family. An additional point is that the work situation encourages them to think about going abroad, where they will be able to meet their needs. A worrying element is the feeling of helplessness that young people in precarious jobs have, i.e. they feel unable to fight independently for the same rights that are enjoyed by persons on open-ended employment contracts.

It is the position of CYN that, if the state does not understand the need for social measures (such as employment assistance, providing unemployment benefits, offering assistance in providing a roof for the poorest citizens of Croatia), then it is up to CYN to alert it. This could certainly be done through campaigns, public appearances by individuals and organisations. However, such campaigns are not so visible in the mainstream media.

## 7.3 Good practices and recommendations

In order to make unemployment benefits more readily available to young unemployed people, the authors of this report recommend making the relatively stringent criteria more flexible. For instance, reducing the previous work condition to 3 months in the past 2 years (rather than 9 months) would certainly make unemployment benefits more easily available to young people, since many of them are seasonally employed in tourism.

As regards maternity, paternity and parental benefits, all groups of young people and other user groups are covered, but the problem is the relatively low level of parental benefits for the employed. For example, benefits for employees and the self-employed during

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<sup>7</sup> [https://www.mmh.hr/uploads/publication/pdf/36/Rezultati\\_istra%C5%BEivanja\\_-\\_7\\_godina\\_u\\_EU.pdf](https://www.mmh.hr/uploads/publication/pdf/36/Rezultati_istra%C5%BEivanja_-_7_godina_u_EU.pdf)

maternity leave are equal to their average salaries before the leave; but during parental leave, the benefits are limited (see Section 4.1.1(e)). In order to improve access to higher benefits, the limit could be increased (or lifted altogether) during the first 6 months of parental leave. The last time the limit was changed for parental benefits was in 2020.

Access to GMI is related to the issues of coverage and adequacy. The coverage and the take-up of benefits could be improved by increasing eligibility income thresholds for all groups, including young people.<sup>8</sup> In addition, more flexible criteria could contribute to better coverage (at least during the pandemic), because the criteria for GMI and other social protection programmes have not been changed during the COVID-19 crisis. For example, it would be possible to have a more flexible assets test. As a matter of fact, there is no real assets test for GMI in Croatia; instead, there is a proxy where, for example, the possession of a car is a key criterion.<sup>9</sup> Moreover, it is possible to increase the flexibility of land testing, since property rental is not common among the poorest groups.<sup>10</sup>

Housing is a very critical issue for young people in larger cities – and particularly for those who move to larger cities to gain employment. This population needs an appropriate housing allowance. Limited access to independent housing is one of the predominant reasons why 87.7% of young people aged 16–29 (see Section 1) in Croatia were living with their parents in 2019 (this is the largest share in the EU-27). The current housing allowance scheme contains big differences in access between citizens from poorer and from richer local communities. In addition, the coverage of housing benefits is very low (limited only to GMI or personal disability allowance beneficiaries), and it could be extended to households that are not beneficiaries of GMI.

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<sup>8</sup> Here, it should be borne in mind that GMI in Croatia is not the right of the individual, but the right of the household. The representative or head of the household applies for GMI in the name of all household members, and the total amount of GMI is the sum of benefits for each member of the household, while the level of benefits depends on the age of its members.

<sup>9</sup> Croatia does not have an assets register and there is no estimate of the market value of the assets of citizens applying for GMI. For instance, if a single person or a household owns a car (except one used for the transport of a disabled member of the household, an old person or a person with limited mobility), they will not be eligible for GMI. However, it would be possible to exclude only those who have *expensive* cars from receiving GMI.

<sup>10</sup> If a single person or household owns land (agricultural, construction, etc.), as a rule they are not entitled to GMI, regardless of the value of the land. It would be possible to have a more flexible land test and to exclude those with very valuable land from receiving GMI.

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