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SOCIAL WELFARE
IN THE REPUBLIC
OF CROATIA;
ON THE ROAD
TOWARDS REFORM

Social welfare is an activity of special concern for the Republic of Croatia. It is directed towards catering for the basic living needs of the socially most vulnerable groups of the population, *i.e.* those who are unable to overcome life's difficulties which they are facing, neither by themselves nor with the assistance of their family. The implementation of the social welfare system is based on the principle of subsidiarity which means that individuals are expected to try to solve their difficulties primarily within their own power and with the help of their environment. The role of the government is to assist every person, especially to contribute towards the prevention of the occurrence of adverse effects that may arise from social deprivation. The rights and the eligibility conditions, as well as other issues governing the prevention, mitigation and elimination of the causes and situations of social deprivation are regulated by the law. The Republic of Croatia, as a welfare state, assures the right to assistance to all its citizens under the same conditions. Social welfare includes a series of benefits and services aimed at securing subsistence to the persons who have been left without any subsistence means. It includes assistance such as financial aid and institutional care for people who are unable to take care of themselves or who can not cover full costs of such care. In addition, social welfare also includes a whole series of professional measures in the field of the family-law protection, the protection of children and youth, assistance to persons with disabilities and to the elderly. The activities undertaken by the social welfare staff may have a preventive character or they may be taken after a specific adverse circumstance has already occurred.

THE STRUCTURE OF THE SYSTEM

The social welfare activities in the Republic of Croatia are carried out by:

- centres of social welfare,
- social welfare homes (for various beneficiaries: homes for children without parental care, homes for persons with disabilities, homes for the elderly and infirm, homes for re-socialisation),
- centres for assistance and care.

The funds for carrying out these social welfare activities and for financing the social welfare rights are secured in the state budget and in the budgets of units of local and regional self-government. Social welfare services may also be provided by religious communities, corporations, associations and other domestic and international physical and legal persons by means of the resources they have secured for that purpose by themselves. Social welfare centres may be established exclusively by the Republic of Croatia, while social welfare homes and centres for assistance and care may be established by the above mentioned subjects as well. The proceedings for granting social welfare rights are conducted by the centres of social welfare which operate at the local level, in almost all larger towns.

The Croatian social welfare system includes financial support, social welfare services and institutional care which is governed by the Social Welfare Act (*Narodne novine*, Nos., 73/94 and 27/01).

In the year 2000, the Croatian government spent 0.58 per cent of the GDP for only social assistance, while 1 per cent was spent for all social welfare services. These figures underrate the real expenditure because they do not include the costs of salaries and other material costs which would have probably accounted for a considerable portion of the expenditure, especially in the institutional care sub-component. In addition to the state-level expenditure, there is also the expenditure at the local level which the law regulates that local governments are obliged to allocate specific sums for social welfare from their own revenues. Such allocations are usually intended for assistance in covering housing costs, although some wealthier municipalities, such as Zagreb, tend to spend larger portions of their resources for a wider range of social welfare services, while the poorer ones tend to spend less. The total expenditure for social welfare at the local level, including some additional social welfare services, amounted to 0.6 per cent of the GDP in 1999.

In the administrative sense, financial benefits and services in the field of social welfare are the responsibility of the national network of centres of social welfare. There are 79 of these centres with 26 local offices. Zagreb, for example, has one centre of social welfare with 11 local offices.

Previously, these offices used to be independent centres, but have been united. In the year 2001, the social welfare sector employed more than 8,500 staff, of which 2,000 worked in the centres of social welfare and 6,500 in the social welfare institutions.

SOME FEATURES OF THE SOCIAL WELFARE SYSTEM

The Croatian system of social assistance and social welfare has, since the formation of the Croatian national state, passed through three developmental stages. It is now facing its fourth stage within the strategy of development of the entire social security system. By presenting the past evolution of the system of social assistance and social welfare, one will develop a better understanding of the forthcoming reforms.

(1) Croatia inherited its system of social assistance and social welfare from the pre-war socialist era when it was a part of the former Yugoslavia which was regulated by the Social Protection Act. Regarding the social assistance, there used to be three types of benefits for persons without sufficient income – permanent, temporary and one-time financial assistance. However, just before the dissolution of the former Yugoslav state, the so-called “social minimum” was introduced which was intended for households and not for individuals, and its level depended on the property situation and number of members of the beneficiary's family. During the war, to be more precise in 1992, Croatia had two parallel state-level systems of provision for socially deprived citizens of which one dealt with the war victims and the other with the rest of the socially deprived population.

(2) In March 1993, the Government of the Republic of Croatia adopted the Social Programme, and in August of the same year its amendments were passed. The Social Programme came about under difficult war circumstances when many people became drastically impoverished with their subsistence being at risk. The war victims, *i.e.* displaced persons and refugees were in the most difficult position and it needs be pointed out that in the year 1992 the number of displaced persons and refugees reached 700,000 which accounted for 15% of the total Croatian population. Displaced persons and refugees were receiving a special support from the state which will not be discussed in this paper. The Social Programme provided new types of assistance, which were a kind of expansion or variant of the existing types. The so-called “social cards” were introduced for the purpose of granting the rights to

social assistance provided by the Social Programme. In the year 1993, social cards were issued to 5.4% of the population of Croatia.

There were many Non-Government Organizations (NGOs) which participated in the implementation of the Social Programme. These NGOs appeared during the war and they created a significant social policy civil sector which contributed to the maintenance of social cohesion in the difficult war circumstances. The most important domestic humanitarian organisations were the Croatian Caritas and the Croatian Red Cross, however, many international humanitarian organisations appeared for the first time and some withdrew later on. In addition to the assistance by international organisations and direct assistance from foreign countries, the Croatian emigrant community provided extensive aid which helped the Croatian citizens, primarily by supporting the defence of independent Croatia.

The Social Programme, together with other programmes of assistance to war victims, may be comprehended as a symbol of strong solidarity in the time of war when national energies were mainly focused on overcoming a hard challenge facing the Croatian society in its efforts to defend the newly created state (Puljiz 1993). The history of defensive wars of other countries demonstrates similar examples of national cohesion. An illustration of this is the British solidarity in the Second World War which resulted in the famous social reform of Lord W. Beveridge. This matter was suggestively discussed by R. Titmuss, the most significant British social policy theoretician of the 20th century (Puljiz 1997).

(3) The third stage in the development of the system of social assistance and social welfare started after the adoption of the Social Welfare Act in June 1997 (*Narodne novine*, No. 73/97). That law entered into force in early 1998 and its adoption practically meant the transition from a war-time to a peace-time system of social assistance and social welfare. By that law, the social assistance beneficiaries were given the following benefits: right to counselling, assistance in overcoming specific difficulties, assistance for maintenance, assistance for covering housing costs, one-time financial assistance, allowance for assistance and care, assistance and care at the beneficiary's home, personal disability benefit, training for independent life and work, care outside the beneficiary's own home and other forms of assistance. In that law, some old forms of social assistance were replaced by the new ones, such as assistance for maintenance which became the basic form of

social assistance. It also included some new rights: personal disability benefit for handicapped persons and assistance for covering housing costs. Furthermore, it reinforced the previously neglected principle of subsidiarity which affirmed the responsibility of an individual and a family for their own social security. That principle was developed predominantly in the social teaching of the Catholic Church and it was defined by Pope Pius XI in the 1931 Encyclical *Quadragesimo anno* which, among other things, states as follows: "... it is... wrong to take from individuals what they can accomplish by their own initiative and industry and give it to the community, so also it is an injustice and at the same time a grave evil and disturbance of right order to assign to a greater and higher association what lesser and subordinate organizations can do..." (Spicker 1991). The application of the principle of subsidiarity redefines the role of the central government and lower management levels in the social sphere. The state is placed in a changed relationship towards the citizens and social groups, which is also important for achieving the approach of an active social state. Moreover, this law has regulated that at least 5% of the revenues from the local community budgets must be allocated for social assistance (primarily for housing needs). However, the result of this was that in many local communities these funds were not spent for designated purposes. Therefore, in the future regulations, this provision will have to be better elaborated and its application will have to be supervised more efficiently.

The 1997 Social Welfare Act opened up wider possibilities for operations of private and NGOs in the social sector. As a result, several NGOs and private persons established social welfare institutions, primarily homes for the elderly, broadening in this way the array of services offered to the citizens (Jurčević 2000). After the Social Welfare Act entered into force, many applications were filed for the opening of private social welfare institutions. Fosterhood, *i.e.* placement of socially deprived children and other social welfare beneficiaries in families who received payments for this, was expanded especially in the northern parts of the country. There have been many private contracts on inheritance, life-long maintenance of deprived persons and similar. This shows that de-etatised and de-institutionalised social welfare structures already existed in some forms which is significant for the development of the new social policy approach.

(4) The fourth stage of the development of social assistance and social welfare which will be marked by new

changes and are partly contained in the Draft Law on Amendments to the Social Welfare Act of February 2002. Such amendments will "... provide for normative prerequisites for gradual decentralisation of the social welfare system in so far as it relates to the financial and organisational arrangements, and especially by creating preconditions for the transfer of foundation rights over homes for the elderly and infirm persons whose founder was the Republic of Croatia" (Draft..., p. 15). The Draft Law regulates that units of local self-government would participate in the financing of the centres of social welfare starting from 1 July 2001 which will be achieved by redistributing the funds collected from taxes and other instruments for the benefit of local units. Furthermore, local and regional units will take over foundation rights over homes for the elderly and infirm persons. Local units will be represented on the new management boards – bodies for management of centres of social welfare, and they will also have authority regarding the appointments and dismissals of the centres' directors.

THE ROLE OF SOCIAL WELFARE IN FAMILY POLICY OBJECTIVES

The social welfare system is composed of three main components:

- *Financial support:* It is aimed at providing financial assistance to all those who have problems of an economic nature, but also to those facing specific problems related to disability, long-term illness, etc. Financial assistance for economic problems may be provided either on a regular basis or on single occasions – to those who experience temporary difficulties. The income threshold for eligibility to regular assistance is rather strict and it had been kept at the level of 350 KN until March 2001 when it was raised to 400 KN. The benefit is low (an individual receives 100% of the threshold amount, while a family receives additional amounts for each family member, depending on their age, but it is usually less than 100 per cent of the base). Beneficiary targeting is more or less good,¹ and having in mind the amounts of financial support, it is likely that there is the element of self-evidency of beneficiaries. The number of beneficiaries of regular and one-time assistance is on the increase and in late 2001 it amounted to over 100,000 or more than 2% of the population. The government is particularly distressed because of the large number of unemployed and able-bodied persons among the recipients of that support (over 50%) who are usually not encour-

aged enough to seek new employment. Priority is, therefore, given to education and other initiatives related to this category. In addition to the regular and one-time assistance, there are also other types of financial assistance, including rent allowance, allowance for care at home, allowance for disability and allowance for covering various costs, for example, the costs of food, clothing and footwear, heating, etc. Many of these allowances are subject to means test, although the threshold for eligibility for them may not be higher than that for the regular assistance.

- *Social welfare services:* In addition to financial support, the system also offers other services pertaining to the field of social welfare, including counselling services, assistance for persons with mental or physical disability, counselling about family problems, care for children in case of separation or divorce, care for homeless children (including help in finding accommodation - foster care), and assistance for individuals and families faced with some specific difficulties, e.g. alcoholism, delinquency, etc. The 1998 Family Act (*Narodne novine*, No. 162/98) broadened the range of tasks dealt with in relation to family problems.
- *Institutional care:* Some persons are also helped through institutional care which can roughly be divided into three categories: for children and youth, for persons with mental and physical disability and for adults and the elderly. In the year 2001, Croatia had 112 institutions of which 100 were financed from the State Budget. Of the government-financed institutions, there were 14 for children and youth (891 beneficiaries), 24 for persons with mental and physical disability (3,024 beneficiaries) and 62 for adults and the elderly (13,538 beneficiaries).

In addition to what has been mentioned above, there are also other elements of the social protection system which can, generally speaking, be assigned to the category of social assistance and social welfare: firstly, financial support paid by the State Institute for the Protection of Family, Motherhood and Youth (as a part of the Ministry of Labour and Social Welfare) and secondly, services provided by the Croatian Employment Office aimed at granting financial support to unemployed persons and actively helping them to find employment. The most important financial benefit is the children's allowance which is granted subject to means-test and whose expenditure in 2000 amounted to nearly 0.8 per cent of the GDP. The recent changes (including the expansion of coverage to children

of unemployed persons, farmers and craftsmen) converted this from a benefit for households with children and low income (paid by employed persons on a mandatory basis) into a kind of social welfare benefit granted subject to means-test (although under an imperative condition – there must be children in the household). The children's allowance and the Employment Office scheme are closely interrelated and synergistic with the social welfare system. The Employment Office services have a particularly important role, in view of a large share of unemployed persons in the social assistance recipients. The family policy is focused on raising the quality of life for families, but it also has a population policy component, which means that it has influence on demographic reproduction. Since, in our circumstances, it also has strong elements of fight against poverty, it is all the more complementary to the system of social assistance and welfare.

THE DEVELOPMENT OF SOCIAL WELFARE IN THE REPUBLIC OF CROATIA

The Croatian system of social welfare is faced with many problems. In the nineties, *i.e.* in the war and post-war period, little progress was made in the field of the social welfare policy. That period saw a massive and uncoordinated increase in the financial support and in the number of its beneficiaries, with an emphasis on specific groups, such as Homeland War defenders whose income situation was not necessarily poor, but their voice had great political power. Although the number of social problems related to relocation of the population is possibly on the decrease, the lack of economic growth in the post-war period raised the number of some additional problems of which the most important one is growing unemployment and its influence on the social welfare system through the increase in the number of beneficiaries. In the social field, other significant problems include the rise in family abuse and juvenile delinquency. The absence of social policy development in the nineties was complimentary with inadequate professional development and training of the majority of staff in that sector. There are no modern information systems and databases for planning, policy development, as well as control and evaluation of the existing programmes because of the limited use of information technology. One of the legacies of the war is a high degree of centralisation. Although the activities of NGOs and groups for the promotion of civil society (especially in the field of humanitarian assistance) have intensified, there has been no sys-

tematic development of co-operation between the public and the private sector. Also, there is a practice of institutionalising the groups of the population who would probably be more effectively cared for within the local communities or in alternative care arrangements. An additional aspect in the context of the forthcoming Association and Stabilisation Agreement is compatibility of the Croatian social welfare system with the standards and guidelines of the European Union.

Several weaknesses can be observed in the functioning of the system up to now. These are the following:

- non-transparency of the system; deficient information and scientific background about the social situation, *i.e.* about the actual and potential beneficiaries and effects of the measures that have been undertaken;
- education of the staff inadequately adapted to the present and future needs of the system; lack of lifelong education; lack of quality staff on the key points of the system who would be the driving force of its transformation;
- low level of information about social rights leading to misunderstanding, blockades and inefficiency of the measures undertaken to combat poverty and social deprivation;
- insufficiently founded and changeable criteria for the identification, implementation and evaluation of various measures in the system;
- excessive centralisation of the system resulting in its being closed, rigid and non adjusted to the needs of the beneficiaries and the local community;
- excessive institutionalisation of the system and poor co-operation with the local bodies, private and not-for-profit sector;
- undeveloped preventive and active functions of the system, especially with regard to the measures of integration of beneficiaries into the world of work and into the society.

In order to respond to these problems, the Ministry of Labour and Social Welfare has prepared a specific number of steps it is planning to take in relation to the planning and implementation of the reforms in the social welfare sector. The amendments to the Social Welfare Act adopted in March 2001 marked the beginning of a gradual decentralisation of the system. In the first stage, decentralisation covered the homes for the elderly and expenditure for maintenance of centres of social welfare and this is to be followed by the preparations of a thorough decentrali-

sation of the whole system. The work on a general reform strategy is going to start on 1 March 2002 which will include the plans for co-operation between the public and the private sector, de-institutionalisation, development of independent professional bodies in the field of social policy and social work, and further elaboration of the plans for decentralisation. The implementation of the reform is planned to start as from the year 2003 onwards.

In parallel with the process of development of social welfare reform, the Ministry of Labour and Social Welfare has also been developing the National Programme for the Reduction of Poverty whose aim is to be an instrument of a thorough assessment of the social benefits policy.

In view of the noticed weaknesses and the already undertaken measures, the *long-term aims of the reform* to be achieved in relation to the strategy of development of the social assistance and social welfare system are to be:

- based on high ethical and professional principles;
- a transparent activity related to the situation and the needs of the beneficiaries;
- a contribution to the material and psychosocial well-being of the citizens;
- an obligation and responsibility of the local community in the first place;
- a significant contribution of non-governmental organisations and social environment;
- divided in the administrative and legal, as well as professional activities;
- a “new” area of private initiative;
- a support for the integration of the poor and socially deprived persons into the society and the world of work.

To simplify, it is possible to speak about two categories of measures in the strategy of development of social assistance and social welfare: the first category relates to the raising of effectiveness and the second one to the modernisation of the system of social assistance and social welfare.

Raising the level of effectiveness of the system

Improvement in transparency, information and scientific background of the system

The available information on the social situation, on the measures taken in the social assistance and social welfare system, and on their consequences is insufficient and

limited, and is, therefore, not sufficient for a well-founded social policy and action in this area. What sufficiently proves that, is the fact that it was only the recent research by the World Bank and the State Statistical Office that gave rather reliable information on the social picture and poverty in the Croatian society. For that reason, it is necessary to systematically follow, in terms of documentation, and carry out a scientific research of a number of features in order to have a fuller insight into the social situation, into the adequacy and effectiveness of the measures of social assistance and social welfare. It is especially important to collect and analyse the data about the poor and socially deprived citizens, actual and potential beneficiaries of social assistance and social welfare, and, in accordance with that, adopt and apply social measures, and evaluate their effects. For that purpose, the following should be done:

- carry out the *informatisation of the system*, including standardised monitoring of the data about beneficiaries, measures and effects of the system of social assistance and social welfare;
- the Ministry of Labour and Social Welfare should establish the *Institution for Social Work (Social Assistance and Social Welfare)* which would process the data and information at the level of the entire system, carry out analyses, evaluate measures, prepare proposals for the improvement of the activities, design social programmes, laws implementing and other regulations;
- establish the *Institute for Social Policy* aimed at systematic scientific research of social policy, particularly in the field of social assistance and social welfare; the Institute would follow the basic social processes, the procedures for adoption of social policy measures and their effects in the society; it would engage in comparative research of the Croatian and European social policies.

*Raising educational levels of the social welfare staff,
introducing post-graduate studies and lifelong education*

In the forthcoming period, the education of social workers and other staff will have to be harmonised with the needs of an active social policy which will be developed in the field of social assistance and social welfare. In this respect it is necessary to:

- *improve the education of the professions which are fundamental for the sector* (social workers, social pedagogues, psychologists, lawyers) in the reformed curricula, greater attention should be directed towards social rights, social planning, taking social actions, animating and em-

- powering beneficiaries, mobilising the resources of the civil society, activities of the not-for-profit sector, social entrepreneurship and the like; it is, therefore, necessary to introduce in the curriculum the elements of an active approach and search for solutions beyond government measures, which has not been sufficiently present;
- organise *post-graduate and doctoral studies in social work and social policy* to educate quality professionals and scientific workers who take lead in the processes of modernisation of the system of social assistance and social welfare;
 - establish *lifelong education of the staff* in the social assistance and social welfare system, which is necessary for the adoption of innovations and active participation in the development processes.

Effectively informing about social rights and social programmes; ratification of the European Social Charter

Social rights and human rights are interrelated and if they are unknown and neglected, a democratic development of the society is put at risk. Almost all countries are faced with the phenomenon of *non take up* of social assistance and social welfare by potential beneficiaries, who are in need of them. The majority of analysts agree that the basic cause of that is the potential beneficiaries' fear of stigma in the community where they live, insufficient education, not being acquainted with the rights, complicated procedures for the granting of benefits, and similar reasons. In order to improve the level of information about social rights provided to beneficiaries and to the whole society, it is necessary to do the following:

- improve the *education of the staff about social rights*;
- *improve the level of information given to beneficiaries* through the centres of social welfare by starting free hot-lines, internet pages, etc., all this with the goal of easily informing the potential beneficiaries about social rights, procedures for granting such rights and obligations arising from them, changes that are taking place, etc.;
- encourage *non-governmental organisations* to spread information about social rights and possibilities for other forms of assistance for the socially deprived population;
- improvement of an effective exercise of social rights should be enhanced by the *ratification of the 1961 European Social Charter* signed by Croatia in March 1999; the key article in the Charter is Article 13 (Right to social and medical assistance) which has 4 paragraphs: the

first one defines the right to social and medical assistance, the second relates to the non-discrimination of beneficiaries of social and medical assistance, the third prescribes the right to counselling and assistance in overcoming a situation of need and the fourth speaks about the right to social and medical assistance for citizens of the contracting parties; after the ratification of the 1961 Charter, it will be necessary to *ratify*, no later than within 5 years, *the 1996 Revised Social Charter* whose ratification is prepared by a number of countries, including many post-socialist countries, less developed than Croatia (Croatia should, therefore, not be behind in that process);

- with the ratification of the European Social Charter, Croatia will enter the European system of application and supervision; it will at the same time improve the *regular national reporting and discussion* about the social situation, social rights, social policy and its effects; generally speaking, the ratification of the Charter should be conducive to the improvement of social circumstances in the country and represent a critical step in the Europeanisation of the Croatian social policy and social law.

Modernisation of the system

Re-defining the criteria for the exercise of rights in the social assistance and social welfare system

In Croatia, a large number of beneficiaries receive not only permanent assistance, but also some other forms of benefits, especially one-time financial assistance. The granting of one-time financial assistance often calls into question its basic purpose, that is, support for overcoming immediate material difficulties. For this and for other reasons, it is necessary to gradually stabilise the criteria for granting rights in the system of social assistance and social welfare. In this regard it is necessary to:

- *adjust the level of social assistance* with the inflation rate *in due time* and make sure for its regular distribution, that is, to stabilise the system at the achieved level;
- in the long term, *define the official national poverty line* and determine the level of benefits accordingly; that line should start from the category of absolute poverty; likewise, the level of assistance should be assessed in view of other benefits, like the minimum pension, in order to eliminate the so-called *poverty trap*;

- in the foreseeable future, Croatia should introduce the category of the *so-called minimum income* implying basic subsistence needs and the minimum standard of living; such standard should be established objectively; the minimum income would constitute some kind of anchor in the social security system, and would at the same time be a criterion for the determination of other benefits. “Various social security benefits would be defined in relation to the minimum income. Therefore, the introduction of minimum income may be useful in the development of an integrated model for responding to the poverty and social exclusion.” (Šućur 2000).

Decentralisation of the social assistance and social welfare system

The Croatian system of social assistance and social welfare is too centralised, therefore, non-flexible and closed to local communities and the civil society. Decentralisation is, accordingly, a logical step in the transformation of the system which should contribute to its effectiveness. Decentralisation means the establishment of an intermediary level between an individual and the state and it implies a kind of territorialisation of social action which makes possible for operations of various formal and informal groups in the social sector (Castel 1995). Decentralised systems are more comprehensive because they cover larger portions of the population and are closer to the beneficiaries because their needs may be better identified and met in such systems.

De-etatisation and de-institutionalisation of social assistance and social welfare

De-etatisation and de-institutionalisation are important dimensions of the social assistance and social welfare reform. Namely, it is not enough just to decentralise the social assistance and social welfare because that would mean simply to transfer the state's social distribution from higher to lower levels, without any substantial changes to the structure of the system itself. For this reason, it is necessary to carry out de-etatisation and, possibly, de-institutionalisation of different forms of social activities. The advantages of such an approach are numerous because it helps reducing the costs and offers to the beneficiaries a wider array of social services. For that purpose, it is necessary:

- to include, to the greatest possible degree, *other subjects* in the efforts aimed at the meeting of social needs of

deprived individuals and groups, such as: private entrepreneurs, not-for-profit organisations, families and other social groups; the tax system should be adapted in that regard in order that it may encourage the operations of non-governmental organisations;

- to give preference to the *approach of self-help and empowerment of beneficiaries*; “The favourableness of the combined policy approach is also the development of an *active citizenship*. Another favourableness is also the decentralisation, which means pluralism in the service delivery”;
- to *widen the humanitarian network, reinforce its services and raise its responsibility*, precisely because such organisations are more elastic than the state ones and they are more familiar with the area in which they operate. “Their strengthening creates prerequisites for the application of a welfare mix model. In that regard Croatia has considerable possibilities, because they are a kind of 'internal' reserves of a ramified network of disabled people's organisations, their equipment, financial resources, experienced staff and motivation”;
- to *include persons with developmental difficulties in the community* “... which creates within the community (local environment) conditions for rehabilitation, equal opportunities and social integration of all persons with developmental difficulties. This model may be realised by joint efforts of the persons with difficulties themselves, their families, other members of the community and relevant services in the field of social welfare, health, education and professional training. The basic goal of such an approach is to develop a system which would encompass all persons with difficulties who need assistance, with the use of resources which are realistic and bearable in the national context”;
- to care for the *elderly persons, the advantages of the non-institutional approach in the local community* are encouraging the activities of beneficiaries and their families, making sure that the care “is provided in a natural family environment, that it is flexible and may satisfy various needs of the beneficiaries, that it promotes the use of the existing and new social resources, that it disburdens the state and has a preventive character”;
- in order to co-ordinate the activities on the regional and local levels it is necessary to *establish social councils* whose members would be representatives of the authorities, private and not-for-profit organisations, and beneficiaries of social assistance and social welfare.

The new function of social assistance in the process of integration into the labour market and into the society

There is a prevailing attitude that unemployment benefits and social assistance, as passive measures, should be as much as possible transformed into active measures aimed at the inclusion of the beneficiaries in the world of work. In criticising social benefits, arguments are usually heard that they are disincentive to work, that they do not enhance self-help and, therefore, ultimately result in the increase in the poverty and social exclusion. Such criticism, most often heard in the U.S.A., is sometimes excessive, but it nevertheless indicates that there is a need to re-conceptualise the social assistance from a passive form into an active form.

In that connection, the “workfare” policy model is advocated to a great extent. Such programmes of the inclusion of unemployed people have been established not only in the U.S.A., but in other countries as well (e.g. UK, Denmark, France). The case of France is especially interesting because in 1988 it replaced the passive social assistance and unemployment benefit by the so-called “minimum inclusion income” (in French RMI). It is based on a kind of contract between the individual and the state – *contrat-emploi-solidarité* (contract-employment-solidarity) under which the state gives a minimum income to the unemployed person or socially excluded individual, but, in return, the state obliges him or her to search for employment, undergo education or perform other forms of community work. Croatia may develop small programmes of inclusion, primarily in the local community and in co-operation with NGOs. Two years ago the Croatian Employment Office launched for the first time such programmes of employment which were implemented in small work groups, most frequently in the field of social welfare and environment protection, reconstruction of destroyed houses, settlements and similar. These were community work projects initiated by the local community and had a not-for-profit character, so they were not competitive to the economic projects on the market. Among such programmes, the second important ones were the social programmes (e.g. assistance for the elderly and infirm persons).

In view of “workfare programmes”, it is necessary to:

1. establish a close *co-operation between the institutions of social assistance and social welfare, on the one hand, and the employment system, on the other hand*, and work towards engaging social welfare beneficiaries in small-scale, local and flexible work programmes;

2. at the level of local communities, *establish bodies of co-ordination between social and work programmes, non-governmental organisations and local authorities*, with a view to spread the active measures for combating unemployment, poverty and exclusion;
3. develop a *strategy for the inclusion of the unemployed and poor persons in the labour market*, which means that new purposes and dimensions must be assigned to the system of social assistance and social welfare, within the approach of an active welfare state.

The strategy of development of the system of social assistance and social welfare should be linked with the employment promotion strategy, the family policy and the population policy.

CONCLUSION

The social welfare system of the Republic of Croatia finds itself at the turning point which includes many reform efforts that have been planned. The authors of the reform in this complex process may rely on some of the strengths existing within the system, but it is also necessary to have in mind many potential problems.

The reform process definitely includes the highly educated and trained professional staff (social workers, psychologists, social pedagogues, lawyers, etc.), and a relatively well-developed infrastructure. One of the greatest potential problems may be the one related to the fear and uncertainty of the new organisation which will inevitably require some new rules and new procedures. These problems will have to be addressed by careful interpretation of new solutions and gradual introduction of novelties. In the process of the reform, the holders of the social welfare reform (the Ministry and external groups of experts) can also rely on considerable assistance from their colleagues from other countries whose knowledge and experience might help eliminate the fear and indicate that some of the planned solutions have been functioning well for many years. For the preparations of the reform, the Republic of Croatia has already received international financial assistance, and having in mind the scope of the planned reform efforts there will undoubtedly be necessary to find considerable financial resources for their implementation.

FOOTNOTE

¹ The Economic Welfare and Vulnerability Study made by the World Bank established that about one half of the funds spent on the 1998 programme was targeted at the lower fifth of the population.

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