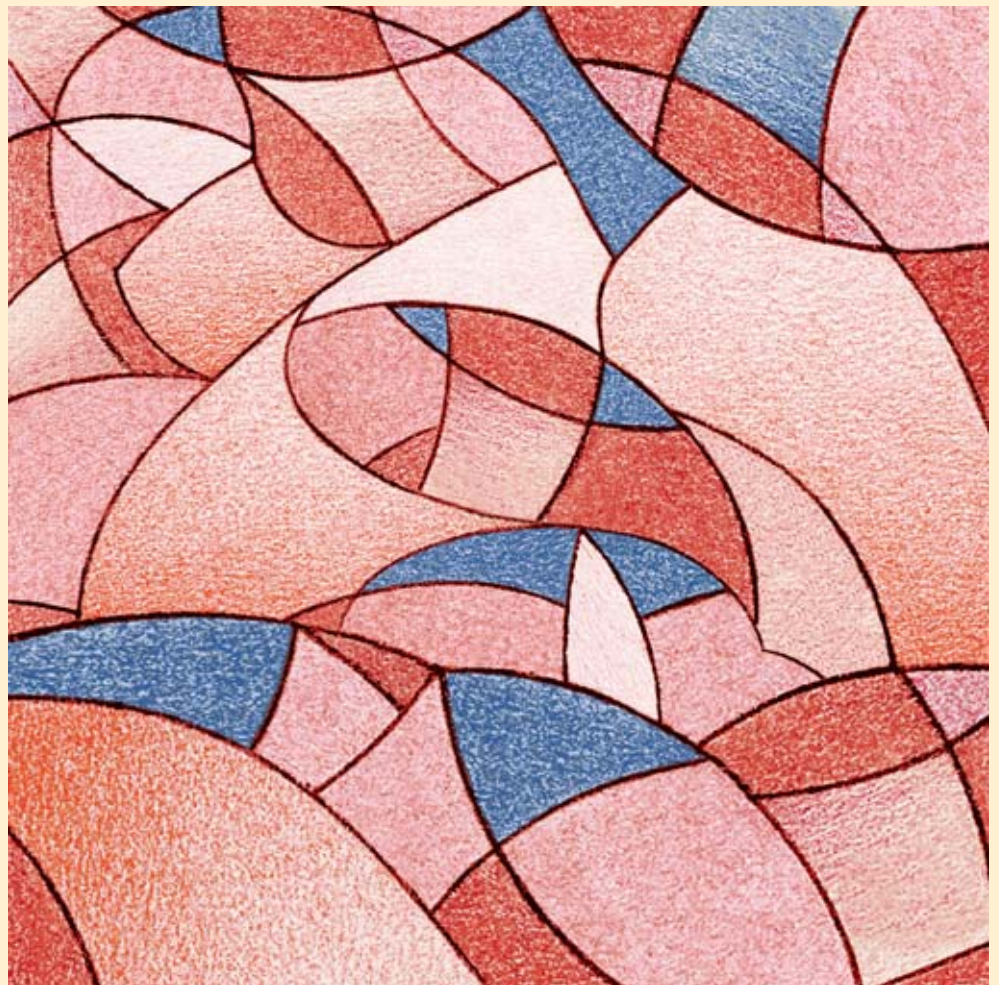




Quality of life in Croatia: Key findings from national research



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Quality of life in Croatia: Key findings from national research

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Foreword

Diversity is one of the defining features of the enlarged European Union. With the prospect of further enlargement ahead, differences such as those in living conditions, quality of life and cultural traditions are likely to be more pertinent than ever. While the nurturing of cultural diversity lies at the heart of the European ideal, fostering greater cohesion is also a central priority.

Against this background, the European Foundation for the Improvement of Living and Working Conditions carried out its first European Quality of Life Survey (EQLS) in 28 countries: the present 27 EU Member States and the candidate country Turkey. The survey aimed to analyse how various life factors affect Europeans' quality of life. In particular, it addressed the following key areas: employment, economic resources, housing and local environment, family and household structure, participation in the community, health and healthcare, and education and training.

This timely report provides an insight into quality of life in the EU candidate country, Croatia. It draws the bulk of its findings from the Quality of Life Survey conducted by the United Nations Development Programme (UNDP) in Croatia in 2006. This survey used the questionnaire and methodology of the EQLS and was able to provide, for the first time, internationally comparable indicators on quality of life in the Republic of Croatia. The report also draws on other research conducted in Croatia, including data from the Central Bureau of Statistics (CBS), which together provide an insight into different quality of life domains in this country.

Croatia's unique historical past – in particular, the fall of Communism, the declaration of independence from Yugoslavia and the Homeland War, all of which occurred as recently as the previous two decades – makes it an interesting subject for the study of quality of life. This report draws a picture of life in present-day Croatia by looking at key indicators of quality of life, such as: the economic situation of households; housing and the local environment; employment and education; health, healthcare and access to health services; household and family size and structure; work–life balance; subjective well-being; the perceived quality of society; and the quality of life of national minorities living in Croatia.

In doing so, the report underlines areas for improvement and policy intervention across each of these quality of life domains: the need to tackle long-term unemployment, to modernise the social welfare system, to improve access to services, and to reduce inequalities between different groups in society as well as between different regions of Croatia. Most importantly, the report highlights the need for a holistic approach to enhancing quality of life, which involves a concerted response across all areas of policymaking and implementation, in an effort to build a more inclusive society for all of Croatia's citizens.

We hope that the findings of this report will contribute to providing a greater insight into the complex range of issues that affect Croatia's EU candidacy, along with the quality of life and overall life satisfaction of this country's citizens.

Jorma Karppinen
Director

Willy Buschak
Deputy Director

Country codes

EU15

AT	Austria
BE	Belgium
DK	Denmark
FI	Finland
FR	France
DE	Germany
EL	Greece
IE	Ireland
IT	Italy
LU	Luxembourg
NL	Netherlands
PT	Portugal
ES	Spain
SE	Sweden
UK	United Kingdom

NMS

CZ	Czech Republic
CY	Cyprus
EE	Estonia
HU	Hungary
LV	Latvia
LT	Lithuania
MT	Malta
PL	Poland
SK	Slovakia
SI	Slovenia

Acceding countries

BG	Bulgaria
RO	Romania

Candidate countries

HR	Croatia (<i>Hrvatska</i>)
TR	Turkey

Country abbreviations

EU15	15 EU Member States (pre May 2004)
NMS	10 new Member States that joined the EU in May 2004
EU25	25 EU Member States (post May 2004)
ACC3	Two acceding countries, Bulgaria and Romania, and one candidate country, Turkey

Glossary of acronyms

ALMP	Active Labour Market Policy
CBS	Central Bureau of Statistics
CIHI	Croatian Insurance Health Institute
EQLS	European Quality of Life Survey
EU-SILC	EU Survey on Income and Living Conditions
GDP	Gross Domestic Product
GNP	Gross National Product
HBS	Household Budget Survey
ICT	Information and Communication Technologies
IDP	Internally Displaced Persons
ILO	International Labour Organization
IPA	Instrument for Pre-accession
JIM	Joint Inclusion Memorandum
LFS	Labour Force Survey
NAEP	National Action Employment Plan
PPP	Purchasing Power Parity
UNDP	United Nations Development Programme
USD	United States Dollars
WHO	World Health Organization

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Introduction

The enlargement of the European Union in May 2004 saw the addition of 10 new Member States. The latest round of enlargement in January 2007 saw the entry of Bulgaria and Romania. With additional rounds of enlargement also likely to take place, the EU is set to expand even further in the years ahead. Such enlargement puts diversity at the forefront of the EU – diversity in economic, social and political terms, and also in cultural traditions. Nurturing this cultural diversity lies at the very heart of the European ideal. Nonetheless, large differences in material resources and living standards, in political participation rates, in levels of trust in public institutions and in how needs and responsibilities are understood can lead to tensions and conflict (Fahey *et al*, 2004).

To help foster cohesion in an enlarged and more diversified EU, policymakers and civil society actors need to draw on precise information about how people live and how they perceive their circumstances. In order to meet the need for such information, the European Foundation for the Improvement of Living and Working Conditions launched, in 2003, the European Quality of Life Survey (EQLS) in 28 countries – namely, the present 27 Member States of the EU and Turkey. The EQLS is a unique monitoring tool that enables analysis of key aspects of quality of life from an international perspective. The 28 countries covered in the EQLS were grouped according to their political situation regarding the EU at the time of publication and comprise the following three country groups: the original 15 EU Member States (EU15), the 10 so-called ‘new’ Member States (NMS) that joined the EU in May 2004, and the two then acceding countries – Bulgaria and Romania – and one candidate country, Turkey (ACC3).

Since the Foundation published the initial results of the EQLS in 2004, it has been engaged in more in-depth analysis of key components of quality of life, including analysis of specific dimensions of quality of life in individual countries. The major components of quality of life analysed in the EQLS are: employment; economic resources; family and households; community life and social participation; health and healthcare; and knowledge, education and training.

Quality of life approach

A central aspect of the quality of life concept – which has gained prominence in social research since the 1970s – is its concern with overall well-being in society. Its aim is to enable people, as far as possible, to achieve their goals and to choose their ideal lifestyle. In this sense, the quality of life concept goes beyond the living conditions approach, which tends to focus mainly on the material resources available to individuals. Three major characteristics are associated with the quality of life concept:

1. Quality of life refers to individuals’ life situations. The concept requires a micro perspective, where the conditions and perceptions of individuals play a key role.
2. Quality of life is a multi-dimensional concept based on a holistic view of human well-being. It looks at a number of domains of people’s lives and the interplay between these dimensions. The principal domains include: income and standard of living; relationships with family and friends; subjective well-being; health; work and quality of jobs; sense of inclusion in one’s local community; and personal safety (Hagerty and Veenhoven, 2003). An alternative broad classification used in a number of studies is that which is based on Allardt’s (1993) distinction between ‘having’ (income and material conditions), ‘loving’ (human relationships and sense of belonging) and ‘being’ (education, psychological well-being).

3. Quality of life is measured by objective as well as subjective indicators. Subjective and attitudinal perceptions are of particular relevance in identifying individual goals and orientations. Individual perceptions and evaluations are most valuable when linked to objective living conditions. The use of both types of indicator when measuring quality of life provides greater possibilities for drawing a more complete picture of the phenomenon.

Measuring quality of life in Croatia

To date, the quality of life concept has not received substantial attention in scientific and political debate in Croatia. Instead, the focus has largely been on the concept of social exclusion, which is also a relatively new departure in the sphere of Croatian expert public opinion, with its greater use in more recent times being directly linked to the EU accession process. Regardless of the fact that no clear and unambiguous definition of the concept of social exclusion currently exists, it is generally accepted as being a multi-dimensional phenomenon that weakens the relationship between the individual and the community. This relationship can have an economic, political, socio-cultural and even spatial dimension. Social exclusion is often linked to unemployment and poverty, but these are not its only causes. The public appears to understand intuitively, and ever more strongly, the specific components of social exclusion – such as poverty, unemployment, lack of education or poor health status. Until recently, contemporary official documents did not directly mention social inclusion as a process or as a policy goal.

Although quality of life is not an explicit criterion for accession to the EU, researching this sphere can contribute to understanding the disparities in the various realms of people's lives and to identifying appropriate measures that are needed in order to achieve social cohesion at European level. Moreover, the comparisons between Croatia and the selected groups of EU Member States in this report provide an interesting frame of reference for the continuing debate on EU enlargement.

In order to gain an insight into the quality of life of people living in Croatia, as well as to enable comparisons with other EU Member States and the acceding and candidate countries, the United Nations Development Programme (UNDP) in Croatia conducted the Quality of Life Survey in 2006. The survey used the questionnaire from the EQLS and therefore provides, for the first time, information and internationally comparable indicators for a comprehensive analysis of quality of life in the Republic of Croatia in a European context. Analysis of the UNDP's survey data has only recently begun and the initial results have just been published. The first overview report explores both the objective living conditions of people and their subjective well-being, along with people's perceptions of the society in which they live. Some of these results will also be used in this report to complement the EQLS findings.

Objectives of report

As already mentioned, no systematic monitoring of quality of life, living standards and social exclusion currently exists in Croatia. However, incidental surveys and studies have been conducted by public institutes, governmental offices or international organisations covering certain aspects of quality of life in Croatia. The main objectives of this report are as follows:

1. To gain an insight into existing statistical data and into recent national research and analysis on quality of life domains, living standards, income inequality and social inclusion/exclusion.

2. To produce an outline of quality of life in Croatia based on the secondary information and data sources available.

The intention of the report is to cover as many domains of quality of life in Croatia as possible. Availability of statistical data is, of course, the major factor that determines the scope of the report. However, the following areas will be of major concern and will be discussed in separate chapters: the economic situation of households; poverty and material deprivation; housing and the local environment; employment and education; health status, healthcare and access to health services; household structure, family and social life; work–life balance and subjective well-being; and perceptions of the quality of society. Moreover, the quality of life of national minority groups living in Croatia will be discussed in a separate section, as there are no data available to cover all of the aforementioned areas for these particular groups of people. Finally, the report will summarise the main findings outlined and identify key areas for policy intervention.

Social statistics, which usually cover a number of topics related to quality of life, were not developed in Croatia in the pre-transition period, particularly survey-based social statistics. Up until then, the need for such data was not great, since key phenomena such as poverty, inequality and unemployment were largely ignored by policymakers and not debated in the country during the Communist era. However, after the fall of the Communist regime and the democratisation of Croatian society, the situation began to change and, since then, there has been an increasing need for such data.

Since 1998, the Central Bureau of Statistics (CBS) has been conducting the Household Budget Survey (HBS) on an annual basis in Croatia (see Annex). The latter survey is based on a representative sample and is in line with EU methodological recommendations and international standards and classifications. Its purpose is to provide a description of the living standards and conditions of individual households, that is, the scope and structure of a household's total consumption according to the characteristics of a household – such as income status and size and type of household. In 2005, the sample frame used for the selection of dwellings occupied by private households was based on the 2001 census data, which was also true for the 2003 and 2004 HBS.

The Labour Force Survey (LFS) looks at employment and unemployment in Croatia, and is carried out in compliance with methodological rules and guidelines of the International Labour Organization (ILO). Its aim is to collect data on the size, structure and characteristics of the labour force in Croatia (see Annex). The LFS is an important source of internationally comparable data in the area of labour statistics. Definitions of employment, unemployment and inactivity have been harmonised according to the recommendations of the ILO, which enables comparability with the same categories in other countries and at international level. The LFS was carried out for the first time in Croatia in November 1996 as an annual survey. From 2002, the new sample frame was used for the LFS, based on the 2001 census data.

Both the HBS and LFS only cover some of the issues related to quality of life, for example, the level and structure of household consumption, labour participation and employment rates. However, their strength is that they are countrywide surveys, which consist of a sample covering the entire Croatian population. Moreover, they are the only social surveys that have been carried out on a regular (annual) basis, which means that they are capable of monitoring phenomena over time. Alongside these two surveys, several incidental, often once-off surveys have also been conducted on a specific issue or a limited number of aspects of quality of life or living conditions. These surveys often cover only small, very specific population groups, such as ethnic groups or those living in a particular region in the country, for example in Croatia's capital city of Zagreb.

The first attempt to gain an insight into income inequality, deprivation and poverty in Croatia was made by the World Bank and the CBS in 1998 (World Bank, 2001), when they conducted joint national research on poverty. In this research, a measure of absolute poverty was used, based on the Food–Energy Intake (FEI) method. The FEI method measures the level of total consumption (including non-food items) at which households spend just enough money on food to meet the minimum recommended dietary energy intake. This method consists of two phases: firstly, the food and energy requirements for each family need to be defined, and secondly, regression analysis links the food intake to total equivalent consumption.

In 2000, a survey on living conditions in Zagreb was subsequently conducted, based on a representative sample of 1,700 inhabitants in Zagreb (Mišetić, Štambuk and Rogić, 2004). The aim of the survey was to describe the urban aspirations of these inhabitants, their thoughts about the future development of Zagreb, as well as their evaluations of living conditions and of quality of life and the environment.

In 2001, a survey was conducted among a sample of 500 social welfare recipients in Croatia (Šučur, 2001). Welfare recipients were divided into two main groups in accordance with their employment status: those who were unemployed and those who were incapacitated. The first aim of the survey was to make distinctions between certain subgroups of users, particularly according to their level of work activity or inactivity and how long they had been receiving maintenance allowances. The second aim was to ascertain which factors were decisive in determining the duration in which they received assistance.

In the same year, a survey on marriage quality and milieu was carried out, which also included some questions relating to quality of life. The survey was based on interviews with 505 married couples in the Zagreb metropolitan area, the results of which are presented in a separate study (Obradović and Čudina-Obradović, 2004).

Another survey analysed the experiences and living conditions of single parents and attitudes towards single parenthood (Raboteg-Šarić, 2003). For this purpose, fieldwork research was conducted in October to November 2002 in four of Croatia's largest cities: namely, Zagreb, Osijek, Rijeka and Split. Interviews were carried out with 812 parents in total, 405 of whom consisted of single-parent families and 407 of two-parent families.

In 2003, a survey entitled the *Psychological aspects of unemployment* was launched on the theme of long-term unemployment and social exclusion. The survey was longitudinal, carried out in two rounds with the same participants. The first study was conducted in the summer of 2003 in 25 branch offices of the Croatian Employment Office (CEO) in all Croatian counties. Unemployed people who visited their respective branch offices for regular monthly reporting were asked by the interviewers to participate in the survey. Out of a total of 1,882 contacted persons, 1,138 people (60.5%) agreed to participate. The results of the survey are presented in a separate study (Šverko, Galešić and Maslić-Seršić, 2004).

In March and April 2004, the Centre for the Promotion of Social Teachings of the Church (*Centar za promicanje socijalnog nauka Crkve*) and Croatian Caritas conducted a survey called the *Poverty Monitoring Study*, based on a sample of 1,216 adult citizens from throughout Croatia, which was representative of the entire population. The questionnaire contained 63 questions and 332 variables mostly concerning financial difficulties of households, subjective poverty, trust in institutions, attitudes towards the public good, solidarity and willingness.

In 2004, the Ivo Pilar Institute of Social Sciences in Zagreb launched a study on the living conditions of the Roma. The pilot study was conducted in July 2004 in Zagreb and in the County of Međimurje. The field study was conducted in October, November and December 2004 in counties in which larger numbers of Roma live and in which the Roma are concentrated in particular settlements of a rural or urban type. A total of 969 interviews were held in more than 40 Roma settlements. The data

obtained included information on the social and physical infrastructure of Roma settlements, the level of equipment and facilities in Roma households, as well as the aspirations of the Roma population with regard to quality of housing and settlement (Štambuk, 2005).

The first data on the subjective well-being of Croats were obtained from the national survey conducted by the Ivo Pilar Institute of Social Sciences. The first round of the survey was conducted in November 2003 and the second round in June 2005 (Kaliterna Lipovčan and Prizmić-Larsen, 2006b). Both surveys were based on a representative sample of Croatian citizens. The 2003 survey consisted of some 1,242 participants aged between 18 and 89 years, while the 2005 survey was comprised of 913 participants within the 18–85 age group.

In 2005, the Paul Lazarsfeld Society and Austrian Society for European Politics (2006) performed a comparative survey in seven southeast European countries on public opinion regarding the quality of society. The sample included Croatian citizens aged 18 years and over who were interviewed face-to-face in their homes. Fieldwork for the Croatian part of the study was carried out in 108 settlements in Croatia at 176 sampling points, with a sample size of 1,000 respondents. Together with the standard questions for the southeast European countries, the Croatia survey also included a set of 'New Europe Barometer' questions devised by the Centre for the Study of Public Policy.

In 2006, the UNDP launched the *Quality of Life Survey* in Croatia. The survey featured a three-stage probabilistic sample of households in the country. In the first phase, 50 polling locations within each county were selected, in which the polling of eight respondents was planned, amounting to a total of 1,050 polling locations. The planned size of the sample was 400 respondents within each county, totalling 8,400 respondents altogether. The sample was realised with minor aberrations and, in the end, some 8,534 persons were interviewed face-to-face in households during 18 March to 22 May 2006. Core questions for the UNDP survey questionnaire were taken from the Foundation's 2003 EQLS. The UNDP's survey provided comparable data enabling cross-country comparisons to be made with Croatia. It consisted of the following three components:

- a national survey on quality of life among the general population consisting of the biggest and most dispersed sample ever used in Croatia, in order to capture regional disparities and to cover remote rural locations;
- a survey for service providers (state, private and non-governmental organisations) on working conditions and the relationships with beneficiaries;
- focus groups with representatives of groups at risk of social exclusion (groups usually overrepresented as recipients of social assistance). In this instance, 20 focus groups were held with the following groups of vulnerable people: persons with physical, sensory and intellectual disabilities, parents of children with disabilities, single parents, people with lower education levels, sexual minority groups, people who are long-term unemployed (recipients and non-recipients of social assistance), associations representing people with intellectual difficulties, children without parental care, the Roma, returnees and refugees (both Croat and Serb minorities from war-torn areas), homeless people, elderly people aged over 65 years and victims of domestic violence.

Determinants of quality of life in Croatia

2

Croatia in context

Croatia is a relatively small country in southeast Europe, surrounded by the countries Slovenia, Hungary, Serbia, Montenegro, Bosnia and Herzegovina, with the Adriatic Sea on the west coast separating Croatia and Italy. The country has 56,542 square kilometres of land area and 31,067 square kilometres of coastal sea. The length of the country's coastline is 5,835.3 kilometres, 69.5% of which belongs to the islands. Croatia is a geographically diverse country, which can be divided into at least two distinct parts: the continental part and the Mediterranean part. According to the 2001 census data, Croatia has 4.4 million inhabitants. The country's capital is the city of Zagreb, which had a population of 780,000 inhabitants in 2001. The three other major cities in Croatia, which are situated in different parts of the country, are Rijeka (144,000 inhabitants), Split (189,000 inhabitants) and Osijek (115,000 inhabitants).

Figure 1 Map of Croatia and neighbouring countries



Source: UNDP, 2006b, p. 5

Contemporary Croatia cannot be understood without a brief overview of its history. As described in *A concise atlas of the Republic of Croatia* (Miroslav Krleža Lexicographical Institute, 1993), Croatia is a Slavic nation which established itself in the region during the complex period spanning from the Middle Ages and up to the modern national integration in the nineteenth and twentieth centuries. The struggle to retain sovereignty has been one of the main characteristics of Croatian history, which has in turn influenced modern national awareness.

After the split of Austria-Hungary following World War I, south Slavic states of the former monarchy proclaimed themselves as the independent state of Slovenes, Croats and Serbs in 1918. The Kingdom of Serbs, Croats and Slovenes – since 1929 called the Kingdom of Yugoslavia – was a centralised state in which the Serbian monarchy and army played the central role. After invading Yugoslavia in April 1941, Germany established a puppet state – the Independent State of Croatia (*Nezavisna Drzava Hrvatska*, NDH) – which consisted of most of present-day Croatia, all of Bosnia and a small part of the present-day *Vojvodina* (province located in northern Serbia). When the Axis powers were defeated, the NDH was also dissolved. During World War II, the Croatian anti-fascist movement under the Communist leadership took Croatia into a new Yugoslav state, which was constitutionally and legally established as a federation of six members. From 1945 to 1990, the position of Croatia within the Socialist Federal Republic of Yugoslavia (SFRY) was redefined a number of times, but nevertheless remained essentially the same – a federal unit with restricted sovereignty, particularly with regard to essential parts of state power, in interior and military matters and in foreign policy. This climate lasted until the end of the 1980s, when a breakdown in European Communism occurred in favour of liberalisation. At the same time, the balance of power in Yugoslavia was rocked from within by an all-Serbian nationalist movement, whose leaders stood for the unification of all the Serbs in one state, regardless of the position or demands of other nations and republics within the Yugoslav federation. In such a political climate, many political parties were founded in Croatia and the Communist authorities decided to call multi-party and democratic elections.

In 1990, the Croatian Democratic Union (*Hrvatska Demokratska Zajednica*, HDZ) achieved a victory by securing a two-thirds majority at the Croatian parliamentary elections. However, the Serbs in Croatia reacted vehemently by organising a political boycott and then openly rebelled by demanding both cultural and territorial autonomy. The Serbs subsequently declared an area with a majority Serbian population (*Krajina*) to be a separate unit, not belonging to Croatia. The conflict escalated when the Krajina Serbs blocked the roads to tourist destinations in Dalmatia and began a mass ethnic cleansing of all non-Serb people. Any intervention by the Croatian police was obstructed by the Yugoslav People's Army (*Jugoslavenska narodna armija*, JNA) – mainly consisting of Serbs – which became increasingly involved in the conflict.

On 25 June 1991, the Parliament of the Republic of Croatia adopted a constitutional decision regarding its sovereignty and independence, on the basis of a referendum in which a large percentage (93.24%) of citizens voted for the transformation of Croatia into a sovereign and independent state. This involved a process of disassociation from the SFRY, which commenced alongside efforts to achieve international recognition. A similar constitutional and legal process was also launched in the Republic of Slovenia. Top political and military SFRY officials used this as a pretext for an ultimatum which demanded an annulment of the effects of the decision regarding independence. When the ultimatum was rejected, the JNA launched a war, first against Slovenia and then against Croatia.

Many Croatian cities, most notably Vukovar and Dubrovnik, came under the attack of the JNA and Serbian forces, and about one-third of Croatian territory was occupied. The civilian population fled from the areas in which the armed conflict waged, thus resulting in huge numbers of displaced people and a refugee population. The border city of Vukovar underwent a three-month siege, during which most of the city's buildings were destroyed and a majority of the population was forced to flee. In late November 1991, the city fell to the Serbian forces. However, soon after, shocked by the atrocities committed by the Serbs, other countries started recognising Croatia's independence. By the end of January 1992, most of the world recognised the country's status as an independent state and, in May 1992, Croatia became a full member of the United Nations (UN). During 1992 and 1993, Croatia also hosted several hundreds of thousands of refugees from Bosnia. Armed conflict in Croatia remained intermittent and mostly on a small scale until 1995. In August 1995, Croatia launched the military 'Operation Storm' and quickly conquered most of its territory. A few months later, as a result of its efforts, the war ended upon negotiation of the Dayton Agreement. A peaceful integration of the remaining Serbian-controlled territories in eastern Slavonia was completed in 1998 under UN supervision, when Croatia recovered full sovereignty over its territory.

In 1996, Croatia became a member of the Council of Europe and established relations with the EU by signing the Stabilisation and Association Agreement (SAA) in 2001. In 2003, the country applied for EU membership and was granted candidate country status in 2004. Entry negotiations with the EU began in October 2005, after which Croatia met all of the relevant criteria.

Socio-political determinants

As outlined in the previous section, recent Croatian history has been marked by three politically significant factors: the fall of Communism (the first free elections in 1990), the declaration of independence from Yugoslavia (1991) and the Homeland War, which began in 1991 and ended in 1995 when Croatia regained its occupied territories by military force. Thus, in a relatively short time-span of just 15 years, Croatia has undergone a 'triple transition' from a single party system to a pluralist democracy, from a planned to a free market economy and from war to peace. In the context of war, the early years of transition were marked by hyperinflation, rising unemployment, a widespread illegal economy, a fall in economic output and an increase in levels of income inequality. The transitional difficulties coupled with war-related problems have resulted in a slower democratisation process compared with many of the other post-Communist countries.

Many issues have yet to be tackled in order for Croatia to meet the requirements of EU membership and to adapt to EU standards. Regarding the EU framework for accession negotiations with Croatia, the country's progress will greatly depend on its fulfilment of the Copenhagen criteria – that is, the economic and political criteria required for EU membership: namely, sustainability of political reforms; regional cooperation; respect for liberty, democracy, human rights, fundamental freedoms and the rule of law; administrative and judicial structures; and commitment to the SAA and *acquis communautaire* (the total body of EU law) requirements. However, regardless of the requirements and conditions in the context of EU membership, Croatia itself needs to transform its own society for the good of its own citizens.

Croatia faces many of the same major structural changes as those experienced in the past by the EU Member States – changes which, while creating new opportunities for jobs and social inclusion, also

add to the vulnerability of those who are unable to adapt. These changes include restructuring of the labour market in response to rapid economic change and globalisation; rapid growth of the knowledge-based society and of information and communication technologies (ICT); an ageing population and higher dependency ratios; and continuing changes in household structures. Thus, the challenge regarding the quality of life in Croatia has to be assessed in the context of overall Croatian development, giving due attention to the interaction between policies which would result in the best outcome in the longer term. In this context, the key challenge for Croatia is ensuring a balanced development between the goals of improving overall living standards, raising employment rates, balancing public finances and promoting social inclusion.

Demographic determinants

Croatia's demographic picture is changing, with major indicators showing quite unfavourable trends emerging. Such trends are reflected in the country's negative population growth, the depopulation of some regions and the ageing of the population. Moreover, changes are also emerging in the types and structure of households and families.

Over a longer period of time, a negative natural population growth has become evident in Croatia, with the country's vital index (number of new-borns per 100 deaths) falling significantly below 100 to an index rate of 81 in 2004. The unfavourable demographic trends are also illustrated by the country's low total fertility rate of only 1.35 in 2004, which represents a sharp drop from around 2.2 in the 1960s. In comparison, the average fertility rate of the EU25 was 1.5 at that time.

The negative natural growth of Croatia's population in the last two decades has not been fully compensated by a positive migration balance – in other words, more people have been immigrating to the country rather than leaving it. The majority of immigrants have been Croats moving into Croatia from neighbouring Bosnia and Herzegovina, followed by immigrants from Serbia and Montenegro. In relation to emigration, the highest outflow in the last few years has been to Serbia and Montenegro, Bosnia and Herzegovina, as well as to Austria and Germany.

The war against Croatia and the four-year long occupation of a significant proportion of its territory has had markedly negative effects on the country's demographic development, generating numerous long-term consequences that cannot easily be removed. Direct and indirect demographic losses during the war and over the post-war period represent prevailing factors in contemporary population development in a number of settlements and areas, and in Croatia as a whole. In the Homeland War, some 7,784 persons were killed, 13,788 people went missing, 21,000 inhabitants were seriously wounded and handicapped, while 4,300 children lost one parent.

Due to the war and the resulting migration – for example, the incoming and outgoing refugee flows – the ethnic composition of Croatia's population has changed. According to the 2001 census data, the highest proportion of the population is made up of Croats (89.6%), followed by Serbs (4.5%), Bosnians (0.5%), Italians (0.4%), Hungarians (0.4%), Albanians (0.3%) and Slovenians (0.3%). The Roma population represented just 0.21% of the total population in 2001; however, as many Roma are either not registered or fail to declare themselves as Roma, some reports estimate their numbers to be more in the region of between 30,000 and 40,000 people, or about 0.8% of the population (Pokos, 2005b). When comparing the 2001 census data to that obtained in 1991, it appears that the

number of Serbs declined significantly by 7.5 percentage points, from about 12% in 1991 to 4.5% in 2001; at the same time, the number of Croats rose by around 11.6 percentage points, from 78% to 89.6%.

Considerable internal migration flows have occurred within Croatia, often between the cities or municipalities within a county, with the greatest inter-county migration to be found in the city and county of Zagreb. This trend is linked with increasing 'deagrarisation' – where agriculture no longer constitutes an exclusive source of living as many rural families have been able to find work in secondary and tertiary activities – and with later urbanisation.

The ageing of the population has also been a characteristic of Croatia for quite a long period of time. In 2004, the proportion of young persons (aged 0–14 years) and of the older population (aged 65+ years) practically reached the same level. In this respect, Croatia is similar to the majority of European countries whose proportion of persons aged 65 years and over ranges from an average of about 16.5% in the EU25 to 17% in the EU15. A further characteristic of Croatia is the large number of retired persons and highly adverse dependency ratio (number of active population to the number of pensioners), which has resulted in a costly pension system that is unlikely to be sustainable in the long term. From 1991 to 2001, when negative trends were slightly reversed, the number of insured persons decreased by almost 475,000 people, while the number of pensioners increased by almost 303,000 people, which means that the ratio of contributors to pensioners has deteriorated greatly. In 1991, there was one pensioner for every three contributors; by 2003, this ratio was only 1:37. In the same year, expenditure on pension insurance amounted to 12.8% of gross domestic product (GDP), even though pensioners only received a relatively small pension. In the period January to September 2006, the average old age pension in Croatian *kuna* (net amount with tax and surtax deducted) was HRK 2,055 (around €278 as at 15 April 2007), which amounted to around 46% of the average wage (HZMO, 2006).

Slow, yet remarkable changes have emerged in the family structure in Croatia. The total number of families grew from 1.2 million families in 1971 to 1.38 million families in 1991, falling to 1.25 million families in 2001, according to the CBS population census. In the same way, the total number of households fell from 1,544,892 households in 1991 to 1,477,377 households in 2001. However, the share of single households grew the most, from 274,744 single households in 1991 to 307,089 single households in 2001, or from 17.8% to 20.8% of all households – a rise that is expected to continue. In 1991, the average family size was 3.2 persons, falling to 3.1 persons in 2001, which indicates a slow decline. Among families, some 27% of couples had no children, 58% had children and 15% were single parents. Only 9.7% of families had three or more children. Single-parent families can be further subdivided into 12.5% of mothers with children and 2.5% of fathers with children. Nonetheless, the number of single-parent families in Croatia is still rather low in comparison with most EU countries, albeit somewhat higher in urban centres.

Economic determinants

The transition years have proved to be extremely difficult for Croatia. In the 1990s, the country's GDP and industrial production plummeted, primarily due to the effects of the war. In 1993, Croatia's total GDP was only 60% of the level recorded in 1989. This had a large impact on living standards in the country, with per capita GDP being below €1,950 in 1993.

In the period 1994–1998, the country's economic situation started to improve. The average GDP growth rate during this five-year period was 5.6%, which could be attributed to a successful anti-inflationary government programme from October 1993, and the conclusion of war operations in August 1995. Nonetheless, this growth was largely based on booming domestic consumption and reconstruction, primarily of the housing stock, and not on productive investment. The high level of consumption and residential construction was largely financed by private transfers from abroad, namely by migrant remittances and savings. This boom was also supported by relatively large public spending, mainly in the form of higher public sector wages.

Croatia's economic situation in the period 2000–2005 was characterised by further growth in economic activity. The average annual GDP growth in the period was above 4%. At the same time, the country witnessed a decrease in the current budget deficit, deceleration of external debt growth and price stability, accompanied by the strengthening of the political and legal system. During this period, the exchange rate of Croatia's domestic currency, the *kuna* (HRK), against the euro was stable and fluctuated along narrow margins during the entire period since the late 1990s. The base of the country's development was the stable growth of domestic output, with tourism playing an important role and contributing considerably to the increase in GDP. At the end of the period (2005), GDP per capita on purchasing power parity (PPP) was €11,450, which was above the (southeast European) regional average. In an EU context, Croatia made substantial economic progress, since the country's per capita output in 2005 reached 47% of the EU25 average, while in 1996 it was below 40% of the EU average. The level of per capita GDP in 2005 was comparable to that of Poland, the Baltic States and Slovakia.

Although Croatia has achieved a number of positive results, many problems still remain at different levels of the economy and of society. These difficulties primarily concern the unfavourable structure of the economy. In 2004, Croatia had higher proportions of employed people in agriculture (16.5%) and industry (29.9%) compared with the EU25 (5.0% and 24.9% respectively), while it had a lower share of persons employed in services (53.7% compared with 70.1% in the EU25). Moreover, the Croatian economy is characterised by a slow growth of job creation, particularly of good quality jobs (Rutkowski, 2003). At the same time, unbalanced regional development has emerged as another feature of the country. For example, according to the only available data for 2002, GDP per capita in the richest county of Croatia, the City of Zagreb, amounted to HRK 71,111 (about €9,605), which was more than three times greater than GDP per capita in the poorest county of Vukovar-Sirmium, where it averaged HRK 23,400 (around €3,160).

In addition, there is the issue of Croatia's huge foreign debt and the current budget deficit. Gross external debt has continued to rise in recent times, although its growth has decelerated somewhat. Total external debt by the end of 2005 was €25.5 billion, or approximately 82.5% of GDP. After peaking in 2002 at 8.7% of GDP, the budget deficit almost halved to 5.1% in 2004, increasing slightly to 6.3% of GDP in 2005.

A brief look at Croatia's economic data reveals some of the risks that it is exposed to. The problems that are most evident at present are those that directly obstruct economic development and the improvement of quality of life, namely: incomplete transformation of the country into one that acts for the benefit of its citizens and entrepreneurs, in other words the incomplete new role of the state; lack of a climate of investment; unfinished privatisation and restructuring processes. This group of problems may thus be collectively referred to as the 'unfinished transition'.

Croatia faces serious problems with weak institutions, the strong impact of the government and politics in economic and social spheres, and a serious lack of clear responsibility and accountability among public institutions. Counteracting the legacy of clientelism and paternalism that Croatia has inherited, and in which the administration has been too self-serving, represents an extremely difficult task. A culture of secrecy has thus been cultivated in Croatia, favouring nepotism and arbitrariness, and citizens have continuously been made to feel subordinate in their encounters with the administration. It is disturbing that even today, resignation and scepticism still prevail among people living in Croatia in any matters of reform relating to the government. Thus, various obstacles and institutional risks exist in relation to improving quality of life in Croatia, which are linked to relatively inefficient and slowly changing institutions, and particularly the lack of an appropriate organisational culture in public administration (Bađun, 2005).

However, there are good reasons to believe that Croatia has the capacity to cope with these challenges, in particular due to a number of strengths, namely: a stable political situation; increasing economic growth and a functioning market economy; monetary stability; recent positive achievements in the restructuring of the economy; strong comparative advantages in tourism; and a relatively successful privatisation process.

Key findings on quality of life in Croatia

Economic situation of households

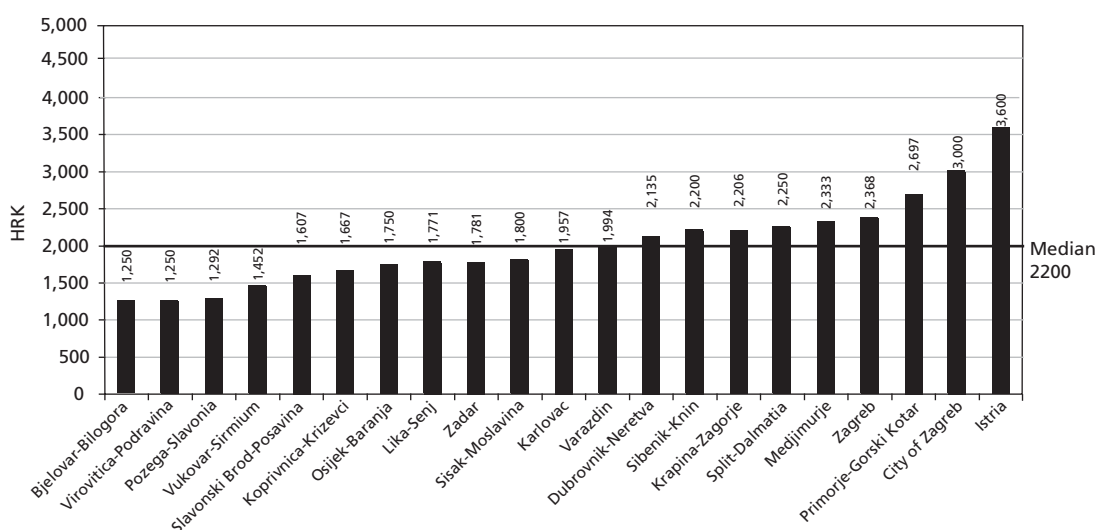
In the five-year period 2000–2005, economic growth in Croatia has been supported by strong household consumption and a renewal in investment expenditure. Household consumption has grown by about 4.7% a year over this five-year period.

Household income

In 2005, the total available annual assets per household in Croatia increased from an average of HRK 64,288 (about €8,684) in 2001 to HRK 69,683 (around €9,412) in 2005, or by 8.4% (CBS, 2001–2005). In the same period, the increase in the average total disposable income of households was even greater, increasing from HRK 58,471 (about €7,898) in 2001 to HRK 69,180 (around €9,345) in 2005, or by 18.3%.

Important changes have occurred in the country's income structure (Nestić, 2005). During the 1990s, the proportion of wages decreased substantially, from 55.1% of total household income in 1988 to 45.3% in 1998. This could be attributed to the closure of large state-owned firms and mass redundancies, the ageing of the population and retirement, along with the war-related increase in the number of social benefit recipients. After 1998, the proportion of total household income comprised of wages has been rising, now making up about 50% of total income. At the same time, in the last 15 years, the share of pensions and other social transfers in the total income has also been continuously increasing: for example, in 2002, the proportion of pensions and other transfers was 27.4% of total income – twice the proportion recorded in 1988.

Figure 2 Average monthly equivalent household income, by Croatian county (HRK)



Note: number of respondents = 7,585

Source: UNDP, 2006b, p. 5

Considerably large regional differences in levels of income can be observed in Croatia. Average income levels in central and eastern Croatia are below the national average, which has averaged at about HRK 2,200 (approximately €297) a month, while those in the Adriatic south are on a par with this average; wages in the Adriatic north and Zagreb regions are higher than the overall national average. According to latest figures (UNDP Croatia, 2006b), level of household equivalent income in 13 out of 21 counties in Croatia was lower than the national average.

In relation to income levels, large disparities also exist between war-affected regions and other areas of Croatia. Many of the country's war-affected areas are depopulated, economically underdeveloped, often with destroyed or non-existent infrastructure, and in some cases pose a danger to people because of uncleared mines or other threats. The low level of investment in these areas has resulted in low levels of economic output and of household income. Such problems are particularly evident in Eastern Slavonia and the Dalmatian hinterland. The regions of Slavonia and Lika, but most particularly the County of Bjelovar-Bilogora, face the greatest economic difficulties; in the latter county, people have the lowest equivalent household income – of just 1,250 HRK (about €169) a month.

Income inequality

As already mentioned, throughout the Communist era until the late 1990s, issues of income distribution and economic inequalities were neglected. Moreover, no appropriate statistical data relating to income distribution were available. The first study was conducted in 1998 by the World Bank, with several consecutive surveys carried out in the years that followed. The results indicate that income inequality – as measured by the Gini coefficient – was rather modest (Gini coefficient 0.286), but that given the low level of income in the country, its impact is quite substantial. In addition, this income inequality has been quite stable over time. In 1988, the value of the Gini coefficient was 0.286, with a slight increase recorded in 2000 (0.297) and a marginal decrease in 2002 (0.290); no significant changes have emerged in relation to this coefficient in the subsequent years. Inequality in both consumption and income has been quite stable in recent years. Although income inequalities in Croatia are quite similar to those in the EU25 (0.29 in 2004), there is a strong public belief that income and wealth inequalities are too high in Croatia. Many people consider existing inequalities to be illegitimate and illegal. It is also believed that many irregularities and misuses occurred during privatisation processes (Bejaković, Šućur and Zrinščak, 2006).

Poverty

Knowledge about the incidence and scope of poverty in Croatia was very limited until the first national research project on poverty in the post-war period was conducted by the World Bank and the CBS (World Bank, 2001) in 1998. In the research, which used an absolute poverty line based on FEI method of USD 4.3 (about €3.18 as at 15 April 2007) a day per person at purchasing power parity (PPP)¹, it was found that about 5% of the population was below the poverty line.

When using the 'relative poverty' method – that is, the official EU poverty line at 60% of the average national equivalent income – it was found that the poverty rate in Croatia was quite moderate and stable over time. In the period 2001–2005, relative poverty ranged between 17% and 18% (CBS, various years).

¹ A method of measuring the relative purchasing power of different countries' currencies over the same types of goods and services.

Very little statistical data are available on poverty dynamics in Croatia – in other words, on how long people remain in poverty and what happens to them during that period. However, one study (Šučur, 2001) does offer some insights into the economic and demographic characteristics of welfare recipients in Croatia, with the most important welfare right being the maintenance allowance (*pomoć za održavanje*). Based on the findings of the Šučur survey and on Ministry of Health and Social Welfare data, the following characteristics appear to be present among welfare recipients in Croatia:

- Very low levels of education with over a third of recipients failing to complete even primary school education and over 60% of recipients being without any form of secondary education. It would also be reasonable to expect that many of these people do not have basic literacy and numeracy skills either; some have had no formal education whatsoever.
- Representation from all age groups, but with a bias towards those aged over 30 years.
- A heavy dependency on social benefits, with no other sources of income for about three-quarters of the group.
- At least 85% of able-bodied recipients are in families. About 80% are in families with up to four members. Around a third belong to childless families.
- Long-term dependency on welfare, as evidenced by the duration of welfare. The average duration of those in receipt of welfare was 6.5 years. Almost 40% of the recipients have been claiming welfare for between five and 10 years and 15% for more than 10 years according to the research.
- Very little movement out of welfare appears to occur. Generally, people join welfare and stay on it. The numbers joining the welfare rolls (as indicated by the number of people on welfare for up to one year) is broadly similar to the numbers on welfare for five or for 10 years. For example, 7.6% of welfare recipients had been receiving welfare for up to one year; at the same time, almost 40% of recipients had been receiving welfare for between five and 10 years, that is 8% of recipients for each year in the duration span. Based on these figures, no falloff appears to have occurred in the numbers of people staying on welfare over a long period of time.

The studies on poverty indicate that the risk of poverty varies among population groups. People who are unemployed or inactive (for example, retired people) are exposed to the greatest risk of poverty, with the relative risk of poverty being 3.4 and 2.4 times higher, respectively, than the average level. Conversely, having a job is a relatively reliable form of protection against poverty, as reflected by the much lower relative poverty risk of 0.6. Poverty is closely associated with the activity status of the main household breadwinner. Households headed by a retired, unemployed or 'other inactive' person show the highest rates of poverty incidence, representing 62% of the total poor. A low level of education also appears to be a significant contributing factor to income poverty. Almost three-fourths of poor people live in families whose main breadwinner has only a primary education or even less than that. These individuals are likely to have little prospect of finding work if they are not employed or to have low earnings if they are employed (World Bank, 2001).

The risk of poverty is particularly high when low levels of education are combined with unemployment. People living in households whose main breadwinner is unemployed or inactive are around three times more likely to be poor than the population as a whole. A very high risk of income poverty is also evident among single-parent families. In a study by Raboteg-Šarić (2003), which focused on comparing the quality of life of single-parent and two-parent families, one-third of single

parents evaluated their material status negatively, with the most common difficulties cited including: postponing buying things for themselves in order to buy something for their child; falling behind in paying bills; and foregoing a holiday to some other destination. A little less than half of the single parents stated that they had to reduce their overhead expenses due to a lack of money and that they did not have sufficient money to pay for their children's extracurricular activities. More than a third of the respondents admitted that they could not afford to buy better clothes for their children, that they had to borrow money to pay for bills or that they had to cut back on transport expenses. A third of these single parents stated that they could not afford to give their child pocket-money or to buy them sweets. The greatest difficulties experienced by single parents, as stated in the interviews, were financial problems, followed by feelings of tiredness and the constant strain involved in raising children on their own.

Further research indicates that the incidence of poverty is extremely high among households headed by elderly people, who face a poverty risk which is twice as high as the average level. Within such households, those who do not receive pensions are particularly vulnerable, facing a poverty risk more than five times higher than the national average.

So, how do poor people cope with a lack of income and what strategies do they use? These questions are difficult to answer in relation to Croatia, since almost no data exist on such issues. Nonetheless, one qualitative study did deal with the survival strategies of the poor in Croatia (Gomart, 2000). According to the study, different coping mechanisms have been developed relating to food (producing one's own food, receiving food from relatives, tilling land in town, food storage for winter), housing (regrouping of families in three-generation households, occupying vacant houses during the war) and public utilities (using electricity when it is the cheapest, using wood instead of electricity or gas). It was also found that many low-income households 'survived' with the help of credit cards, deferred payment cheques and an overdraft facility in their current account.

Alongside objective poverty measures (lack of income), some surveys in Croatia collected data on people's perceptions of their own income position, including of the extent of poverty in their own household – often called 'subjective poverty'. Rates of subjective poverty have been significantly higher than objective poverty levels, although the results depend considerably on the method of measurement used, for example, the type of question on subjective welfare used in the survey questionnaire. During the 1990s, the Centre for Marketing Research of Zagreb (now GfK - the Centre for Market Research) regularly published data on household income and consumption on the basis of the subjective perceptions of housewives. According to these data, the proportion of households that were unable to meet basic needs in the 1990s ranged between 84% and 90% of households (Vučinić-Palašek, 1998). In 2003, about 82% of respondents declared that their monthly income was insufficient to cover 'basic household needs' (GfK - the Centre for Market Research, 2006). On the other hand, according to the 2004 representative research carried out by the Centre for the Promotion of Social Teachings of the Church and Croatian Caritas, only 15.6% of the respondents perceived themselves as being completely or mainly poor, while 31.8% of them perceived themselves to be at risk of poverty at certain times during the reference period.

The Household Budget Survey also contains questions on the subjective economic strain of the household and on subjective perceptions of living standards. Accordingly, the proportion of the population who reported that they were living with 'great difficulty' declined from 13% in 2002 to 10%

in 2004, while the proportion reporting that they were living 'well' or 'very well' rose from about 10% to over 20% in the same period (CBS, 2005). It should be mentioned that measures based on these responses are not necessarily comparable with the aforementioned absolute poverty measures. For example, it is evident that the respondents' subjective perceptions have been influenced by their aspirations, which often depend on the reference group being used as a model. More specifically, subjective perceptions of welfare are more strongly correlated to the patterns of imitation of the reference groups than to actual financial capacity. This could also be explained by earlier experiences of the Croatian population in the former political system and increased insecurity (job loss, sense of personal insecurity).

Material deprivation

Use of non-monetary (other than income) indicators to measure living standards is quite common in the study of poverty and exclusion, and several surveys in Croatia have applied this method. One of the areas covered by the UNDP study (2006b) relates to the ability of households to afford six basic necessities, namely: keeping the home adequately warm; paying for a week's annual holiday away from home; replacing any worn-out furniture; being able to afford a meal with meat, chicken or fish every second day if one wanted it; buying new, rather than second-hand clothes; and having friends or family over for a drink or meal at least once a month. According to the respondents' answers, a third of households (34.6%) are not deprived, that is, they can afford all of the six basic necessities. As expected, such households more often have high incomes and are more likely to be situated in urban areas. On the other hand, 28.3% of households experience multiple deprivations, that is, they cannot afford three or more of the basic goods outlined. The UNDP survey also looked at households' possession of durables – for example, cars, TVs, washing machines – and found large differences in this respect between population groups. A significant difference between those who are poor and the overall sample concerns the possession of a washing machine, which is nowadays considered to be an element of a minimum standard of living. However, about 9% of all households and more than 20% of those who are income poor in Croatia do not have a washing machine. When considering the possession of basic goods, the Roma population appeared to be the most deprived. For example, 60% of Roma households do not have a home telephone compared with 14% of poor households (Štambuk, 2005).

The UNDP survey also provides some additional data on deprivation in Croatia. It found that nearly one in eight Croatian households (13.2%) sometimes lacked adequate money for food in the reference period, that is, in the 12 months prior to the survey. About the same number of households (12.1%) received regular help in the form of either money or food from a person who did not live in the same household. Less than a half of the households (44.1%) grew their own vegetables or fruit, or kept livestock or poultry to satisfy their nutritional needs. Inhabitants of the northern Croatian counties are most often represented in these groups, while those from regions with the highest incomes – namely, the Zagreb region and Istria and Primorje – are the least frequently represented in these groups (UNDP, 2006b).

Financial difficulties and indebtedness of population

In the UNDP survey (2006b), respondents were asked if their household was in debt in the previous year, in other words if they were unable to pay for their accommodation (rent, mortgage or loan instalment) or utility bills (for example, electricity, water, gas) as scheduled. The results of the survey show that one in five Croatian households (20.5%) were unable to pay for utilities on time, while

6.7% of households were in arrears in their rent or mortgage. Croatian citizens experienced difficulties paying their utility bills more frequently than they did paying the rent or mortgage/loan instalment, which is not surprising considering that two-thirds of the respondents live in their own mortgage-free dwelling. The majority of households that had problems paying for their accommodation on time also experienced difficulties paying for their utilities. This is particularly evident among low-income households and one-parent families (Raboteg-Šarić, 2003; Raboteg-Šarić and Josipović, 2003). Furthermore, because of weak enforcement in relation to payment discipline, poor people are not the only ones who are inclined to postpone payment of utility bills for electricity, communication and gas. At the beginning of 2000, around one-quarter of electricity consumed in Croatia was not paid for, or paid for with considerable delay. At the same time, no coherent assistance programme is in place for the poorest segments of the population that lack the resources to pay for utility bills. Although the municipalities do run special assistance programmes to help poor people pay off debts relating to utilities, multiple criteria are used in different parts of the country with no attempt to unify these approaches and to develop a consistent policy (World Bank, 2001).

According to Croatian Central Bank figures, the credit debt of the population in Croatia is very high, increasing from 32.1% of GDP at the end of 2004 to 35.9% of GDP at the end of 2005. About 96% of citizens used commercial bank loans. In recent years, the average indebtedness per employed person in Croatia grew from around HRK 23,000 (€3,107) at the end of 2001, to HRK 49,000 (around €6,619) at the end of 2004 and to HRK 58,000 (around €7,834) at the end of 2005. Notwithstanding this, household debt in Croatia is still far below the level of household debt in the European Economic and Monetary Union (EMU) countries (55% of GDP at the end of 2004), although it is half as big as that found in the NMS (16% of GDP at the end of 2005). In Croatia, it may be assumed that young, educated people are the most in debt, as they represent the most creditworthy segment of the population, but also those with the least assets. In 2004, the average total debt service burden of Croatian households amounted to 6% of their disposable income.

As expected, debt-service burdens continue to plague lower income families disproportionately. The evidence suggests that the income levels of poor people do not allow them to save: just 4% of those who are poor reported having savings during the period in question, while only 13% of them reported having access to borrowing either from a banking system or intermediaries other than relatives. Thus, poor people do not save much and rarely borrow in formal credit markets, which exposes them more frequently to 'loan-sharking' and high interest rates. The combination of a low capacity for saving along with limited access to borrowing suggests that poor people are also vulnerable to shocks and hence to income fluctuations.

Measures for improvement

Low levels of average income associated with inequality in income distribution have contributed to relatively higher levels of poverty and deprivation in Croatia. Strong economic growth and job creation are seen as key measures for combating these problems. However, these measures are not necessarily sufficient on their own for tackling such issues. Adequate economic and social policies are also needed to ensure that all citizens benefit from economic development and growth. In this context, more active measures are needed to enhance social inclusion and labour market participation, including equality of access and labour market re-integration of job-seekers, as well as inactive and other vulnerable groups. Ensuring better integration between social assistance programmes and education and employment services is also necessary, in order to enhance the chances of poor and unemployed people in returning to work.

Housing and local environment

Similar to other post-Communist countries, one of the prominent characteristics of housing in Croatia is its relatively high home-ownership rate. Housing ownership in Croatia is largely the result of the process of mass privatisation of formerly state-owned housing stocks, which took place at the beginning of the 1990s. According to the latest data (2001 census), 83% of dwellings are owned by owner-occupiers. Only 3.3% of tenants in the social rental sector pay preferential rents, while the remainder are tenants in the private rental sector. Thus, the social rental sector appears to be underdeveloped and is failing to meet individuals' needs, particularly those of young people or couples who cannot afford to buy or rent in the private property sector. Only in some major Croatian towns are social flats being built. Therefore, citizens are mostly being directed to the free market, which is only to a smaller degree alleviated by the state-subsidised housing programme, that is, where the construction of flats is supported by state subsidies.

In relation to the size and quality of housing, Croatia has witnessed considerable improvements in this area after its fight for independence. Nonetheless, the situation still cannot be perceived as being particularly good (Bežovan, 2004). According to the 2001 census data, the average surface area of housing per inhabitant is 27.2 square meters, while the average number of rooms per dwelling is 2.74 rooms (CBS, 2001). Considering the fact that small dwellings, one-room flats and two-room flats dominate (45.6%) the entire housing stock in Croatia, the housing structure in this country therefore appears to be largely inadequate.

The latest census data confirm that the quality of housing is also quite poor in Croatia. It was found that 10.6% of dwellings did not have an indoor flushing toilet, 11.6% had no bathroom, 6.4% of flats had no water-supply system, while 7.3% of dwellings had no indoor plumbing. Poor people are even more disadvantaged in relation to their housing situation and tend to live in overcrowded, poorly maintained dwellings without adequate housing standards. According to the CBS (2004–2006) and Štambuk (2005), 1% of Croatian citizens do not have a connection to an electricity supply grid. Among those who are poor, twice as many households are without electricity compared with the entire population. About 23% of households in Croatia are not connected to the sewage supply, while almost 60% (and 70% of poor households) are without gas pipes.

Considerable regional differences emerge in relation to the quality of housing, with standards proving to be very low in some counties. For instance, over 20% of flats do not have an indoor flushing toilet in the six counties of Krapina-Zagorje, Koprivnica-Križevci, Bjelovar-Bilogora, Virovitica-Podravina, Požega-Slavonia and Brod-Posavina.

Nonetheless, the Croatian government has made some efforts to address the housing problem, in particular among less affluent groups. The key government programme in the housing area is the 'Programme for socially stimulated house-building' (POS). Through the cooperation of local self-government groups and state subsidy incentives, the programme enables flats to be built at a lower price and provides more favourable opportunities for the payment of housing loans. Apart from the POS, two other government initiatives exist, namely: tax benefits when buying the first flat and bonuses on savings aimed at the purchasing of housing. In addition, housing and fuel allowances are provided for a relatively smaller number of vulnerable persons who are less well off than others.

Along with many problems concerning the quality of housing, Croatians often experience environmental problems. According to one study (Bejaković, Šučur and Zrinščak, 2006), noise and air pollution constitute the biggest problems for people living in the City of Zagreb. The lack of access to recreational or green areas is also a concern for people living in urban areas in the counties of Primorje-Gorski Kotar and Split-Dalmatia, and in the City of Zagreb. As can be expected, the feeling of insecurity in neighbourhoods is most widespread in the City of Zagreb, followed by other big cities such as Rijeka, Split and Osijek.

In spite of considerable improvements in the post-war years, serious problems still persist in the area of housing and the local environment in Croatia: major challenges concern the poor quality of accommodation, unhealthy environmental conditions and an underdeveloped social rental sector in which many young couples cannot afford to rent or buy property. Thus, a key aim should be to mitigate the inadequate structure of the housing fund and to provide a more adequate supply of social housing. Another challenge is the inadequate method of co-financing a portion of the housing costs for poor and vulnerable groups of people. Thus, through intensively promoted public-private partnerships, it will be necessary to improve the quality of housing and of the environment in Croatia.

Employment and education

Activity and employment

Most recent data (CBS) show that Croatia's working age population (aged 15+ years) amounts to 3.65 million persons – a figure which has remained quite stable in the last five years (2001–2005). In this period, the activity rate varied between 47% and 48%, which is very low, particularly in comparison with the EU average. This also holds true for Croatia's employment rate, which is below 55%, albeit showing signs of a very slow increase in recent years, rising from 53.4% in 2001 to 54.8% in 2005 for the total population.

The country's activity rate varies by age and sex. In 2005, relatively high participation levels were found among the population aged 25–49 years (around 83%), while a very low participation rate was observed among those aged 50–64 years (below 50%) and among people in the 15–24 age group (only 37.2%). The participation rate of women was also very low (42.1%) and significantly lower than that of men (57.2%).

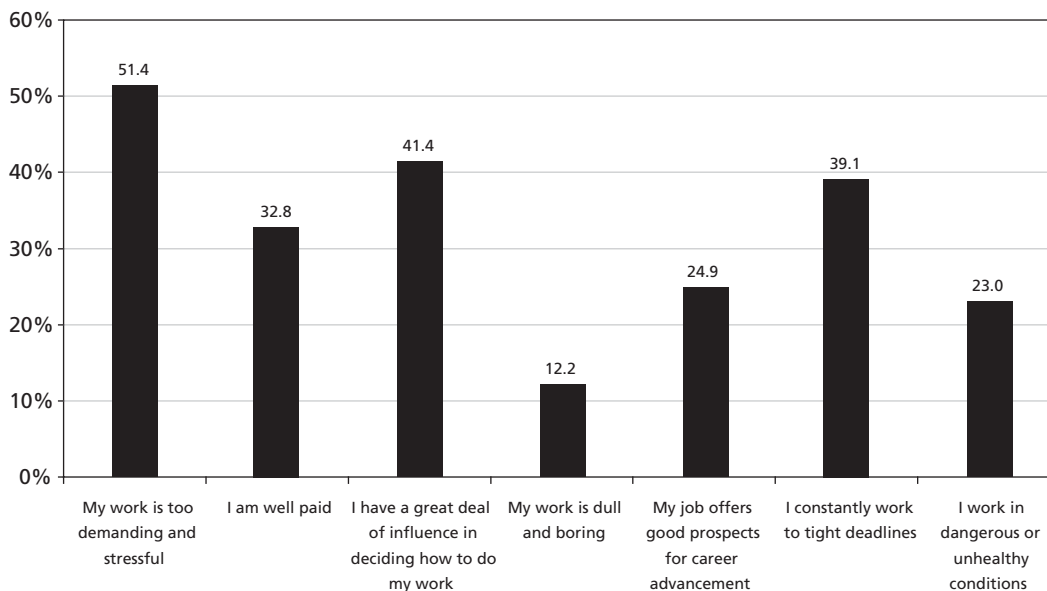
One characteristic of the labour force in Croatia, which distinguishes it from most of the EU Member States, is the relatively lower share of people who are employed in services and the high proportion who work in agriculture, which is characterised by low productivity, long working hours and low quality jobs.

Croatian citizens also work relatively long hours. In 2005, full-time employees in Croatia worked, on average, 41.6 hours a week, with men working 42.1 hours and women working 40.9 hours on average a week; this was above the EU25 average of 40.4 hours a week, or 41.3 average weekly working hours for men and 39.1 hours for women (Eurostat, 2006). Of those who were employed, some 12.8% had a contract of limited duration, which is once again below both the EU25 average of 14.5% and the EU15 average of 14.3%. In 2004, the proportion of employees working part time stood at just 1.4% of all those in paid employment in legal entities. Other characteristics of employment in Croatia are a high proportion of people who are newly employed on fixed-term contracts, a relatively high

share of employees doing shift work and working at weekends, and a low proportion of employees who usually work in the evenings and at night.

In terms of job quality in Croatia, the general picture is not very favourable. According to UNDP survey data, over half (51.4%) of employed people in 2006 found their job to be too demanding and stressful, 39.1% indicated that they were constantly working to tight deadlines in their job, while 23% of employees reported that they were working in dangerous or unhealthy conditions. At the same time, only 24.9% of jobholders reported having good prospects for career advancement, while 32.8% said that they were well paid (see Figure 3). Amidst the many profound changes that the Croatian economy has experienced, there is an acute emphasis on the question of job security, with a strong sense of insecurity persisting among many employees in relation to their own job.

Figure 3 Proportion of employed respondents who agree with various statements about their job quality (%)



Note: number of respondents = 3,510

Source: UNDP, 2006b, p. 23

In addition to a relatively low level of activity and employment, Croatia has relatively high levels of unemployment. According to the Labour Force Survey, unemployment reached its highest level in early 2001 and started to decrease thereafter. In 2005, the unemployment rate stood at 10.9% (CBS). Women continue to dominate the population of unemployed people, representing over 60% of individuals in this group. Although there has been a decline in the number of young people who are unemployed, their position in the labour market remains highly unfavourable. In 2005, the unemployment rate of persons aged 15–24 years was extremely high, at 32.6%.

Croatia also demonstrates a high rate of long-term unemployment, that is, the proportion of people in the labour force who have been jobless for one year or more. In 2005, this rate stood at 7.6% compared with just 4.1% in the EU25 and 3.4% in the EU15, which means that almost three out of four unemployed persons have been without a job for more than a year. Long-term unemployment

affects women in particular: in 2005, the rate of long-term unemployment among women was 8.6%, compared with 6.8% for men (Eurostat, 2006).

The majority of people without a job have either had very little education (only a primary education or a few years of) or have limited vocational knowledge and skills. Finding a job is more difficult for long-term unemployed persons, and even when these people do find work, they are at greater risk of losing it, thus becoming unemployed again. Very often, the only opportunities for people who are long-term unemployed are in insecure or poorly paid jobs.

The relatively high unemployment rate in Croatia can largely be attributed to two factors: mass job cuts and inadequate job creation. Accordingly, the extensive job cuts in the context of the liquidation and bankruptcy of a large number of state-owned companies has not been compensated by sufficient job creation in the private sector (Rutkowski, 2003). Moreover, relatively high real wages, institutional rigidities and inflexibility and the widespread mismatch in skills appear to be major impediments to a more dynamic labour market performance. In relation to the inflexibility of the Croatian labour market, this was reflected in the high value of a composite index regarding the strictness of employment protection legislation (EPL) as developed by the OECD. Croatia was assessed by some researchers as being among the strictest countries in Europe in this respect (Biondić *et al*, 2002; Biondić and Matković, 2003).

The Croatian government has made efforts to try to improve the situation in the labour market by implementing measures under the active labour market programme (ALMP), such as special schemes for pre-job and in-job training, courses aimed at acquiring qualifications for work in modern sectors, and training and rehabilitation for special groups (for instance, disabled people and war veterans). Virtually all persons registered with the Croatian Employment Service have been able to access at least some of these incentives. However, the programmes have not yielded the results envisaged and have been insufficiently focused on less employable groups within the population. Moreover, the short duration of some of the programmes has made them less efficient and of low consistency.

The major challenges for policymakers in relation to employment and job quality in Croatia are therefore the low activity and low employment rates (particularly for women, young and elderly people), low job quality, high job insecurity, along with high unemployment levels (especially long-term unemployment). Taking these findings into account, measures for improvement should incorporate various activities, primarily the reduction of long-term unemployment – by decreasing the inflow into long-term unemployment as well as reducing the number of people who are already long-term unemployed – and also of youth unemployment. Furthermore, it is necessary to increase the participation rate of people aged 50–65 years and to enable the labour market activation of disabled persons and war veterans. This requires appropriate conditions for job creation (new employment) and for raising the levels of employability among those groups who are most affected by long-term unemployment and inactivity, primarily by focusing active labour market policy measures on persons with disabilities, young and elderly workers. Such aims could be realised, among other things, by promoting and facilitating training, thus enabling people to better adjust to the demands of the labour market. Also, it is necessary to ensure the elimination of discrimination against women and all other groups with an unfavourable position in the labour market.

Some of these efforts should be focused on improving flexible working options (part-time jobs, flexible working time arrangements), in turn facilitating the labour market participation of young parents,

particularly of mothers. Another important focus should be to combat the problem of shortages in affordable pre-school crèches and childcare facilities, which affects the labour market participation of women. At the same time, efforts need to be made to increase levels of employment security by enhancing the employability and flexibility of the labour force. In particular, activities related to professional orientation, lifelong learning, education and qualification, and professional development ought to be enhanced. This will increase the employability of the labour force, enabling it to adapt more effectively to the current and future requirements of the labour market.

Education

The 2001 census data showed that 18.6% of the adult population in Croatia had less than a primary school education, while 21.8% had completed primary school only (CBS data). Fewer than half (47.1%) of the population had a secondary school education, while just 11.9% of people had a post-secondary education. The educational structure of younger age groups is much more favourable than that of older age groups: in the 20–24 age group, some 83.9% of the population had a secondary school education, along with 65.9% of people in the 25–29 age group.

The educational attainment of women is significantly lower than that of men: 24.2% of women had less than a primary school education compared with 12.5% of men, while 23.7% of women had completed primary school in comparison with 19.5% of men. Among the population without any school education whatsoever (2.9%), women make up 79.9% of the total (Pokos, 2005a). However, the situation is beginning to change, as both sexes in the 20–24 age group now have similar levels of education, while in some segments, women score even better than men. For example, in 2003–2004, 53.8% of students who enrolled in higher education institutions were women (CBS, 2006).

Data on enrolment at the beginning of the school year 2004–2005 indicates that primary school enrolment stood at 95.8%, while enrolment in secondary schools reached 87.8%. Third-level education in Croatia is characterised by long periods of time spent studying and large numbers of students who do not complete their higher education. Just over 40% of students who enrolled in third-level education in Croatia finally obtained their degree, which indicates that a reasonably high enrolment rate does not necessarily result in high numbers of students completing their third-level education. This has led to, among other things, a substantial loss of government funds devoted to higher education.

In contrast to the relatively high enrolment levels in formal (pre-employment) education in Croatia, adult education and lifelong learning are almost completely neglected in the country. Only about 2% of persons aged over 35 years have participated in an adult learning and training programme in 2006 (UNDP, 2006b). Moreover, adult education is seriously underdeveloped in terms of the number of specialised institutions and staff. The infrastructure required in adult education is undersized and some elements simply do not exist and have thus yet to be built. A lack of regulation is also a characteristic of this particular field; moreover, no serious campaign has yet been launched to motivate and explain the concept and need for lifelong learning among the population.

In the context of the aforementioned findings, Croatia's education system needs to be transformed from a supply to a demand-driven system. Curricula and syllabi in secondary and third-level education need to be reformulated to bring them closer to labour market needs. The educational system must be made more flexible and accessible, lowering the early drop-out rate, whilst reinforcing

informal methods of acquiring know-how and skills, and improving knowledge of foreign languages. Moreover, measures aimed at enhancing lifelong learning need to be introduced.

Health, healthcare and access to health services

The existing vital and health statistics in Croatia offer many indicators of people's health status, quality of healthcare and access to health services. In relation to individuals' health status, the objective indicator of life expectancy is frequently used. Subjective indicators can also be obtained from different surveys where respondents are asked to assess their health conditions (self-reporting health status).

Official statistical data (CBS) show that life expectancy in Croatia, after increasing considerably for many decades, dropped significantly during the 1990s. This was related to the transition processes and the Homeland War, which resulted in a sharp drop in income and living standards. However, since the late 1990s, life expectancy has increased again, resulting in an average life expectancy of 72 years for men and 79 years for women in 2004. Life expectancy has thus increased significantly for both sexes in the last half century: in 2004, life expectancy for men was 12.3 years longer than in 1953 and 15.2 years longer for women. However, the seven-year difference between men's and women's life expectancy is quite large in European terms.

A brief look at the main causes of death in Croatia also gives some insight into the health situation of the country's population. The list of 10 leading causes of death in Croatia indicates that ischemic heart disease, cerebrovascular disease, heart failure and malignant cancers represent the greatest risk. Three-quarters of all deaths are caused by circulation diseases and malignant cancers. The third leading cause of death is various forms of respiratory diseases. It is interesting to note that pneumonia, bronchitis, emphysema and asthma are occurring as the cause of death with an increasing frequency. Mental disorders were among the seven leading reasons for hospitalisation in 2002, with two-thirds of all such cases pertaining to alcoholism, schizophrenia, depressive disorders and reactions to severe stress, including post-traumatic stress disorders (Croatian Institute for Public Health, 2004). The number of suicides, as measured by the rate of suicides per 100,000 inhabitants, has been fluctuating. In 2002, it was significantly higher than the EU average, at a rate of 17.4 in Croatia compared with 10.2 in the EU.

A serious health problem in Croatia concerns people's generally reckless attitude towards their own health and lifestyle, in particular individuals' unhealthy eating habits, smoking, alcohol consumption, problems with drug addiction, obesity, insufficient physical exercise and similar lifestyle factors. The results of the *First Croatian Health Project*, launched by the Ministry of Health and the Croatian Health Insurance Fund, show that 27.7% of persons aged 18–65 years – or 31.9% of men and 23.6% of women in this age group – have increased blood pressure, 34.1% of men and 26.6% of women are smokers, 31.1% of men and 15.2% of women are obese, while only 17.1% of men and 4.3% of women engage in physical activity (Government of the Republic of Croatia, 2004). Thus, much needs to be done in terms of changing people's attitudes towards health and disease.

The issue of preventive health is particularly pressing in relation to young people, especially with regard to smoking, drinking and the use of drugs. While data from a study on alcohol and drug use in schools (Hibell *et al*, 2004) indicate that young people in Croatia essentially do not differ from their

counterparts in other European countries in terms of risky behaviour, other data raise cause for concern: Croatian citizens are heavier smokers compared with the average European level, while Croatia is ranked eighth among 35 countries in relation to frequency of alcohol abuse, with strong upward trends in drinking frequency and the use of marijuana observed in recent years (*ibid*).

Along with the abovementioned objective indicators of health, a number of subjective indicators are also available for the country. In a UNDP survey (2006b), respondents were asked to evaluate their health status. In total, more than a third of inhabitants (39.8%) perceived their health as being 'very good' or 'excellent', while around one in eight respondents (13.2%) indicated that they were in poor health. The proportion of people who evaluated their health status as being poor increased with age, as did the share of those with a long-standing illness or disability. Women, low-income earners, those who are poorly educated and people living in rural areas more often evaluated their health as being poor and more frequently stated that they had a long-standing illness. Unemployed people rated their health status poorly more often than those who were employed and more frequently said that they had a long-standing illness or disability.

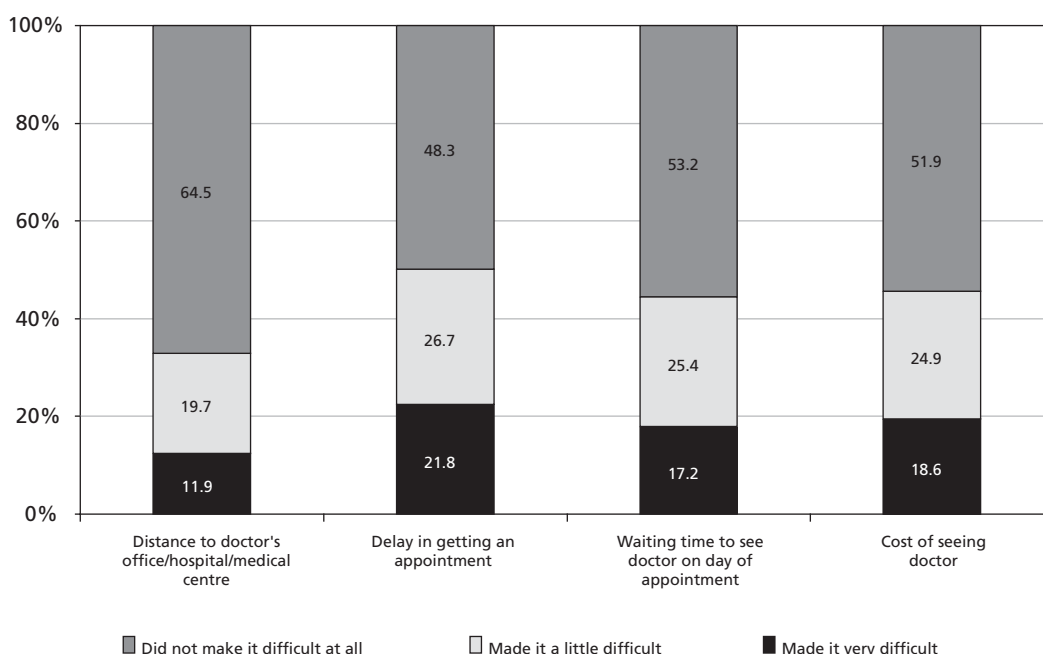
Croatia's expenditure on healthcare is rated relatively favourably: in 2003, for instance, total expenditure on healthcare amounted to 7.8% of GDP. Per capita total expenditure on health at the internationally comparable rate of US dollars was USD 838 (about €620) in 2003, while per capita government expenditure on health was USD 701 (around €519) (World Health Organization, 2006). According to the World Bank's *World Development Indicators Database*, Croatia is among the group of countries that allocate a relatively large proportion of their GDP to healthcare expenditure, at a level of the richer countries. Questions arise about the sustainability of such a scenario. However, the current high level of healthcare expenditure has ensured quite high medical care coverage, with 97% of Croatian citizens being covered by the public health system, along with the presence of good quality health services and health protection, even in international terms. On the basis of data on the availability and quality of health protection, and using various data including infant and general population mortality statistics, the World Health Organization (WHO) rates Croatia among 35 countries, out of the overall 192 WHO member countries, who are in the 'most elite' A group of countries in terms of healthcare (out of the five groups A to E).

The organisation of the healthcare sector in Croatia reveals some specific features. The country's primary healthcare system consists mainly of private GPs and dentists who have contracts with the Croatian Insurance Health Institute (CIHI). By the end of 2004, some 6,764 private practice units (doctors' offices, laboratories and pharmacies) were registered in Croatia, along with 2,463 private dentists' offices (Croatian National Institute for Health, 2005). Secondary and tertiary healthcare is mainly provided for by state health institutions. Teaching hospitals, clinical hospital centres and public health institutes in Croatia are state-owned, as are health centres, polyclinics, general and special hospitals, emergency medical aid institutions, homecare institutions and county public health institutes. On the basis of the number of hospital beds, Croatia is on the same level as the developed European countries, although the number of medical doctors per 100,000 inhabitants is somewhat lower.

Considerable regional discrepancies emerge in relation to the country's health capacities. In Croatia, there is a huge concentration of medical institutions in the larger cities, particularly in Zagreb, while the healthcare system in other regions is more poorly equipped in terms of staff and medical

equipment. This is further exacerbated by the fact that the role of primary healthcare has been reduced and that 49% of all consultancy specialist services are performed by clinical hospitals, which contributes to long waiting lists. In the UNDP survey (2006b), some 21.8% of respondents complained of long waiting lists, while 17.2% of people cited the long time required to get an appointment, both of which constitute large barriers preventing people from accessing medical services.

Figure 4 Influence of various factors on access to health services (%)



Note: number of respondents = 8,534

Source: UNDP, 2006b, p. 40

The inadequate territorial spread of medical services also hinders access to health services. Almost 12% of Croatian citizens report that the distance from medical service centres or hospitals makes their access to healthcare 'very difficult' (Figure 4). In South Dalmatia, some 140,000 citizens are more than 40 kilometres' distance from the nearest hospital and over half of people are more than two hours away from the main general or clinical hospital; access to hospitals is a particular problem for citizens living on certain islands off mainland Croatia. The situation in Zagreb is quite different however: about 70% of citizens claim to be very or fairly satisfied with their healthcare, while only 6.3% of people reported that they were 'very dissatisfied' (Mišetić *et al*, 2004). The same study showed that 57.9% of citizens have access to healthcare services in their own community, while the remainder of people have to travel to other parts of town, mostly to the centre (12.5 %), to access services. Overall, therefore, individuals who live furthest from the largest cities have the greatest problems in accessing adequate healthcare services.

As the UNDP survey data indicate, the high costs involved in seeing a doctor constitute a problem for a significant proportion of Croatian citizens (11.9%), even when they are covered by a public health insurance scheme. The cost of private healthcare services also tends to be quite high. Moreover, in the public sector, extensive waiting lists are an ongoing problem, and in order to shorten

waiting times, people often give bribes to medical staff. In this context, it should be mentioned that corruption is relatively widespread and deeply rooted in Croatia, with almost no signs of improvement. In 2006, the Transparency International Corruption Perception Index (CPI) placed Croatia 69th out of 163 countries with a score of 3.4 on this index.² People living in Croatia are particularly concerned about levels of corruption in the public health sector, an issue which is very sensitive and which concerns all individuals and their family members. Reasons for corruption in Croatia's healthcare sector are manifold and include an overlap between public provision and private decisions about waiting lists, a lack of clear sharing of responsibility and accountability, and the insufficient capacity of healthcare institutions. Moreover, the poor coordination between those who are responsible for healthcare facilities (mostly local authorities) and those who provide the funding for such services (the Croatian Public Health Insurance Institute) should not be overlooked. While those who are well-off have the means to access private health services, the widespread trend of informal payments raise particular problems for poorer citizens who are at the mercy of inadequate public healthcare provision. Thus, any progress made in combating corruption could be seen as a major step in improving the accessibility and adequacy of Croatia's healthcare system.

Measures for improvement should be oriented towards making timely and high-quality healthcare services available across different locations in Croatia – particularly in relation to reducing long waiting lists – and towards increasing the efficiency of available resources. This could be achieved through better regional distribution and planning of healthcare capacities, particularly in relation to better access to health services among rural populations and low-income groups, and through solving the existing overlap and/or inadequacies in service provision. Better organisation and greater harmonisation between the three levels of healthcare (primary, secondary and tertiary) should be directed towards a higher reliance on primary healthcare, while the reduced use of unnecessary specialist and hospital services should contribute to increasing the quality of health services. There is also a need to explore the scale and nature of healthcare inequalities – an issue that has received very little attention to date in Croatia. Finally, strengthening the role of health education in increasing awareness of unhealthy lifestyles is also necessary.

Household and family size and structure

Demographic processes that have been underway in Croatia in recent decades – for example, the decreasing birth rate, the decline in fertility, rising levels of emigration and ageing, and the increase in the average age at which people get married and have children – have had a large impact on the number, size and composition of households. A household is defined as any community of people living together who share their income to cover the basic costs of living (accommodation, food, etc). A household also encompasses every person who lives alone.

In Croatia, the total number of households fell from 1,544,892 households in 1991 to 1,477,377 households in 2001, or by more than 60,000 households. The composition of households has also changed considerably. The 2001 census data revealed that 44.4% of households have only one or two members, while 19% have three members, 20.6% have four members and just 16% of households have more than four members. When compared with 1991 data, the proportion of single-person

² The CPI score relates to perceptions of the degree of corruption as perceived by business people and country analysts and ranges between 10 (highly clean) and 0 (highly corrupt).

households has increased by more than 30,000 households or by three percentage points – from 274,744 households in 1991 to 307,089 households in 2001, or from 17.8% to 20.8% of all households. The increase in single-person households is also expected to continue. Moreover, the share of two-person households increased by 1.1 percentage points between 1991 and 2001.

According to data from the 2001 census, after a consistent increase over decades, the total number of families in Croatia fell from 1,367,106 families in 1991 to 1,252,025 families in 2001 (CBS, 2002). Gradual but remarkable changes have also occurred in relation to family structure in Croatia. According to CBS methodology, the family is a nucleus of persons living in the same household, consisting of the following members: parents (both or one) and their children; a husband and wife without children; or a man and woman living in a consensual union. In 1991, the average family size was 3.2 members, decreasing to 3.1 members in 2001, which indicates a slow decline. Overall, some 27% of families consisted of couples without children, 58% of couples with children and 15% of single parents. Only 9.7% of families have three or more children.

The changes in family composition in Croatia can be attributed to changes in marriage patterns. While in 1970, an average of 8.5 marriages per 1,000 inhabitants was recorded, in 2003 this dropped to just 5.0 marriages per 1,000 inhabitants. Such a decline is related to two main reasons: the two large waves of emigration that took place in Croatia in the 1970s and 1990s, and the unfavourable economic conditions that arose due to the war and the transition process which commenced in the 1990s (Akrap, 2005).

The increase in the average age at which people get married also plays an important role in the family formation process and in the composition of households. In the period 1985–2001, the average age at which women got married in Croatia increased from 23.3 to 25.9 years of age and from 24.07 to 26.4 years of age among men. The prolonged education among both sexes and increased female participation in the labour market also has an influence on the age at which people get married and, as a result, on the lower number and changing composition of households and families in Croatia.

Particular attention should be paid to the proportion of single-parent families in Croatia, the number of which has been rapidly increasing, albeit still falling significantly below the average of many European countries. In this respect, Croatia can be considered as being one of the more traditional European societies. According to the 2001 census data, some 15%, or 188,000 of families, were single-parent families, 12.5% of which consisted of single mothers with children and 2.5% of single fathers with children. Of the total number of families with children, some 20.6% were single-parent families, the majority of them (70.5%) with one child, 23.7% with two children and 5.7% with three or more children. With regard to the single-parent families, the proportion is somewhat higher in urban centres, particularly in the City of Zagreb (20.7%), and its slow rise can be expected to continue into the future.

These data confirm that Croatia is experiencing a trend of family transformation, although changes in the family structure are occurring at a slower pace than in other European countries. The gradual pace of such changes is reflected in various findings: for example, the rate of divorce per 1,000 inhabitants has remained quite low in Croatia, amounting to an average of 1.1 in 2000, which was almost the same as the divorce rate of 1.2 recorded in 1980. At the same time, the number of children born out of wedlock has grown slowly from 7% in 2001 to 10% in 2004.

The Homeland War during the 1990s played a significant role in strengthening family ties and solidarity during these difficult times when there was a greater need for such support. Unfavourable economic conditions (unemployment, relatively low wages) have also had an impact on the role of family and solidarity, with many people having to live in three-generational households since they cannot afford their own housing. The recent surveys confirm this to a certain extent, revealing how family life and support are still very important in Croatia (Kaliterna Lipovčan and Prizmić-Larsen, 2006c). The importance of family life can also be measured by other indicators, such as from whom a person would receive support in various situations. In the UNDP survey (2006b), the majority of respondents indicated that they would have someone to turn to in the event of a necessity, mostly to a family member. Some 89.4% of respondents indicated that they would turn to a family member if they needed help around the house in the event of an illness, while 54.3% said they would borrow money from family members if they faced financial difficulties.

Work–life balance

Although the difficulties involved in balancing work and family life have been referred to in various public debates, particularly from the point of view of women, until recently Croatia has had no research data concerning these issues that could be deemed as being representative for the entire country. An earlier study for Zagreb and the Zagreb metropolitan area showed that men's working schedule, level of overtime work and/or shift work had a significantly negative impact on the their wife's perception of marriage quality and feelings of intimacy (Obradović and Čudina-Obradović, 2004).

The level of insight into work–life balance changed since the completion of the recent UNDP survey (2006b). Firstly, the survey revealed that many men and women in Croatia work long hours: 33.6% of those interviewed reported that they work more than 48 hours a week in their main job, which is the equivalent of 39.2% of working men and 27.5% of working women. Moreover, about 7% of the respondents indicated that they also have a second job. In addition to working long hours, a large proportion of employed Croats (51.3%) complain that their job is too demanding and stressful, which in turn implies that they have little time and energy to devote to household and family responsibilities.

The same survey asked respondents how often their work obligations influenced their family life, and conversely, how often their family obligations affected their work ability. The results of the survey show that the respondents more frequently cited their job as being an unfavourable influence on their family life, rather than the other way around. More than half (56.7%) of employed citizens stated that their job prevented them from doing housework at least several times a month, while more than one-third (39.3%) of respondents claimed that they had difficulties fulfilling their family (childcare) responsibilities at least several times a month due to the amount of time spent at work. In 13.8% of cases, too much time spent at work raised difficulties for the respondent in meeting both housework duties and care responsibilities within the family. On the other hand, slightly less than one-fifth (18.3%) of employed people indicated that their household tasks and family obligations made it difficult for them to concentrate at work at least once a month.

Although difficulties in combining work and household responsibilities is almost equally spread between both sexes, the UNDP survey showed that women perform household activities to a much greater extent than men do. The results of the survey indicate that 35% of women are involved in

caring for and educating children on a daily basis compared with 22.6% of men. More than four-fifths (80.7%) of women perform household chores every day compared with just 32.8% of men. Caring for elderly or disabled relatives is not as widespread, as only 6.7% of men and 9.8% of women do so on a daily basis.

According to the UNDP survey, those who are engaged in domestic responsibilities spend a considerable amount of time on such tasks, particularly women. Seven out of ten women (71.6%) take care of children for up to five hours a day, compared with 59.5% of men. A similar scenario emerges in relation to household chores. This situation is also reflected in the replies to the question of whether the respondent felt that they did more than their fair share of household work, a statement with which 18.9% of women agreed compared with 5.1% of men. An earlier survey (Topolčić, 2001) also revealed similar results: the results of interviews with 150 married employees in Zagreb concluded that domestic labour division between marital partners is discriminating, with a much greater work involvement observed among women.

Difficulties in balancing work and family life, as reported by a significant number of employed Croatian citizens, are partly caused by a lack of or inadequate care services for children, as well as for elderly people. Similarly, there is also a lack of household-related services, such as cleaning, ironing and cooking services, at affordable prices. The draft of the *Croatian Joint Inclusion Memorandum* states that in Croatia, childcare services are not sufficiently developed, which creates problems for working parents who are forced to strike a balance between family and work obligations. Women are particularly affected by such difficulties, often having to choose between their career (education/employment) and caring for their children, which leads to increasing gender inequalities (Government of the Republic of Croatia, 2006). Even when childcare facilities exist, they often do not meet people's needs. In a study of single-parent and two-parent families (Raboteg-Šarić and Josipović, 2003), 30.4% of single parents of pre-school age children and 27.5% of respondents from two-parent families stated that the operational hours of their children's crèche did not fit their needs. This is particularly significant bearing in mind that a considerable proportion of full-time employees have to work in the afternoon. Furthermore, half of single parents work occasionally or permanently on Saturdays, while one-quarter of them are employed on Sundays and holidays when most crèches are not open.

A further obstacle to achieving a balance between work and family life is the high cost of childcare services. In the aforementioned study (*ibid*), some 45% of single parents and 34% of parents from two-parent families reported that the price of crèches was either 'high' or 'too high' for their family. A relatively small proportion (13%) of all parents stated that they hired someone who is not a family member to do babysitting.

Measures for improvement should mostly be concerned with enhancing employment conditions and eradicating rigidities in the labour market. This implies introducing or broadening various flexible working arrangements (part-time work, flexible working-time options, teleworking), as well as reducing long working hours. Furthermore, much needs to be done to enhance the availability and affordability of childcare facilities, which is important for facilitating the work-life balance of single mothers and of working parents in general. Greater efforts also need to be made to reduce the problem of a lack of elderly care institutions.

Subjective well-being

Subjective well-being refers to people's various subjective evaluations of their lives, the events they face and the circumstances in which they live. The life satisfaction index gives an insight into how a respondent evaluates their life as a whole and is intended to represent a broad, reflective appraisal that a person makes of their life. At the same time, the happiness index encompasses several meanings in popular discourse, as well as in scholarly literature, but is usually used as a measure of the affective component of subjective well-being. Happiness generally refers to the feeling of more pleasant, as opposed to unpleasant, emotions. In addition to these two synthetic indicators of subjective well-being (life satisfaction and happiness), measures of specific satisfaction domains exist that give an insight into how people evaluate major dimensions of their life, such as health, work, leisure, social relationships and family (Diener, 2006).

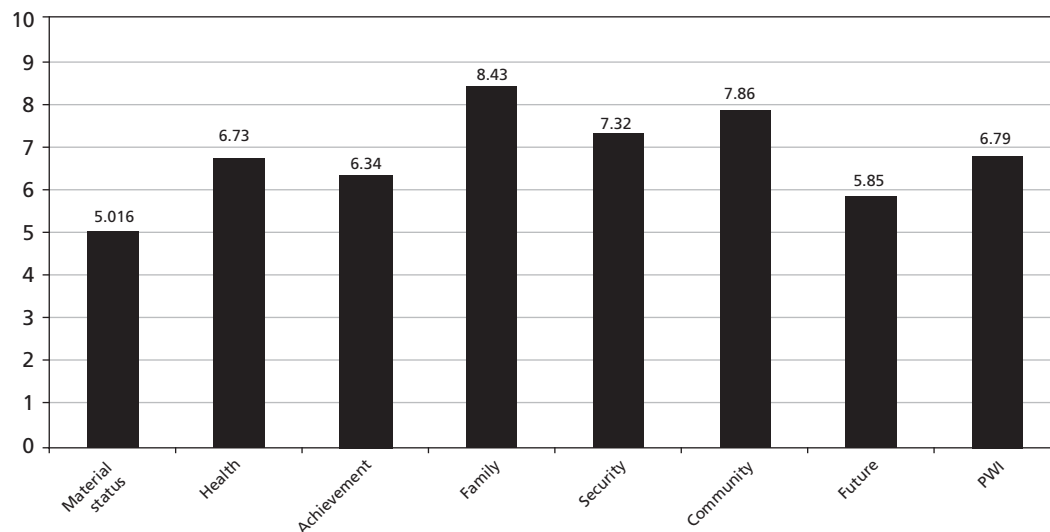
Data describing subjective well-being in Croatia were first obtained from two national surveys conducted in November 2003 and June 2005 by the Ivo Pilar Institute in Zagreb (Kaliterna Lipovčan and Prizmić-Larsen, 2006b). In addition to life satisfaction and happiness, satisfaction with different life domains was assessed by means of the International Well-being Index (Cummins, 2002). This index covers two subsets of domains: the first set relates to one's own personal life, as measured by the Personal Well-being Index (PWI), which examines satisfaction with material status, personal health, life achievements, relationships with family and friends, feeling of physical safety, acceptance by the community and future security; the second set relates to national living conditions, as measured by the National Well-being Index (NWI), which assesses satisfaction with the economic situation in a country, the state of the environment, social conditions, the government, business and national security. The average personal domain satisfaction ratings as obtained in 2005, are presented in Figure 5.

Among all of the personal domains examined, Croatian citizens were most satisfied with their relationship with family and friends. This was followed by acceptance by the community and feelings of physical safety. Satisfaction with health status and life achievement came next, followed by satisfaction about future prospects. People appeared to be the least satisfied with their standard of living, that is, their material status.

A comparison between 2005 and 2003 survey data showed that the rank of indicators pertaining to satisfaction with life domains remained more or less the same, with satisfaction with family and friends remaining at the top and material status staying at the bottom of the satisfaction scale. However, significant changes have been found in levels of satisfaction with physical safety and acceptance by the community, with both variables showing lower ratings in 2005 than in 2003.

When examining the contribution of personal domain satisfaction to overall life satisfaction and happiness (2005 survey data), the results of hierarchical regression analyses (controlling for income) showed that satisfaction with material status, life achievement, future prospects and relationships with family and friends contributed the most to life satisfaction, while satisfaction with health, followed by life achievement and material status contributed the greatest to happiness. Similar results were obtained in the 2003 survey (Kaliterna Lipovčan and Prizmić-Larsen, 2006a). A modest correlation was found between income and the life satisfaction and happiness indices, as well as with satisfaction with different personal domains (0.10–0.36). Satisfaction with material status showed the highest, albeit still moderate, correlation with monthly income ($r=0.36$).

Figure 5 Average satisfaction ratings for seven personal domains and average PWI score in Croatia, 2005



Note: Satisfaction ratings are measured on a scale of 1 to 10. number of respondents = 913

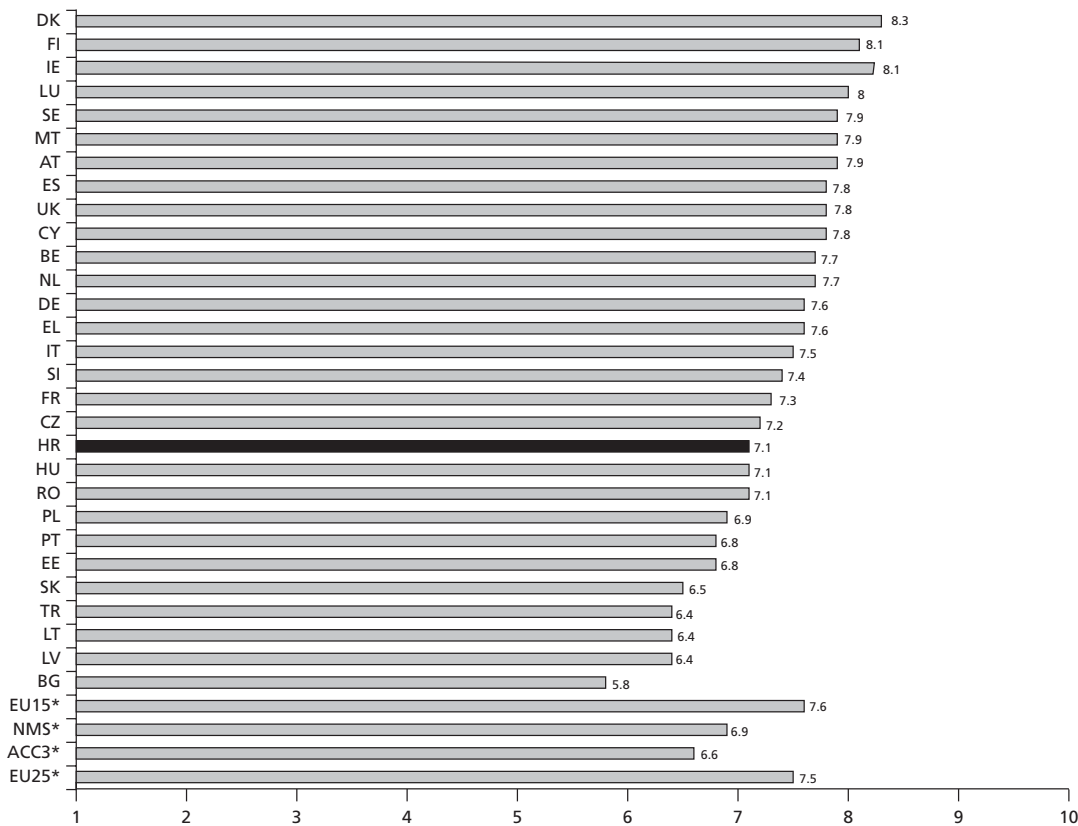
Source: Data for average happiness ratings in European countries are from *First European Quality of Life Survey: Life satisfaction, happiness and sense of belonging* (Böhnke, 2005). Data for Croatia are from a national survey, November 2003.

Results from the 2003 survey were also analysed for age and gender differences (Kaliterna Lipovčan and Prizmić-Larsen, 2006c). Accordingly, satisfaction with health declined significantly with age, as did satisfaction with material status, while achievement in life was more satisfying for the youngest and oldest respondents than for those in the middle age groups. Men were more satisfied with their health and physical safety than women.

Most of the Croatian indicators on subjective well-being (satisfaction with life and domains of life) are not internationally comparable due to the specific methodology applied when measuring these phenomena in Croatia. A direct comparison is possible, however, in relation to the happiness indicator from the 2003 Ivo Pilar Institute survey, since it uses the same 10-point scale as the Foundation's EQLS, which was conducted in 2003 in 28 European countries (see p. 1).

The results in Figure 6 show the average happiness ratings for 28 European countries in addition to Croatia. With a happiness rating of 7.1, Croatia scores very high compared with some of the new Member States and acceding and candidate countries. The country ranks 19th among the entire group of 29 countries studied, with Hungary and Romania sharing the same happiness rating as Croatia.

Other studies also confirm the rather high value of indicators relating to subjective well-being in Croatia. In the 2006 survey by the Paul Lazarsfeld Society and Austrian Society for European Politics on current living conditions and future expectations in seven countries (Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Romania and Serbia), Croats scored the highest (6.0 on a scale from 1–11) in relation to current living conditions. In response to the question about their 'personal expectation for the future in five years from now', Croats scored an average value of 5.5, which was ahead of Bulgaria, Romania and Bosnia-Herzegovina, but behind Serbia and Albania.

Figure 6 Average happiness rating of 28 European countries and Croatia, 2003

Note: Happiness rating is measured on a scale of 1 to 10, where 10 denotes the highest level of happiness.

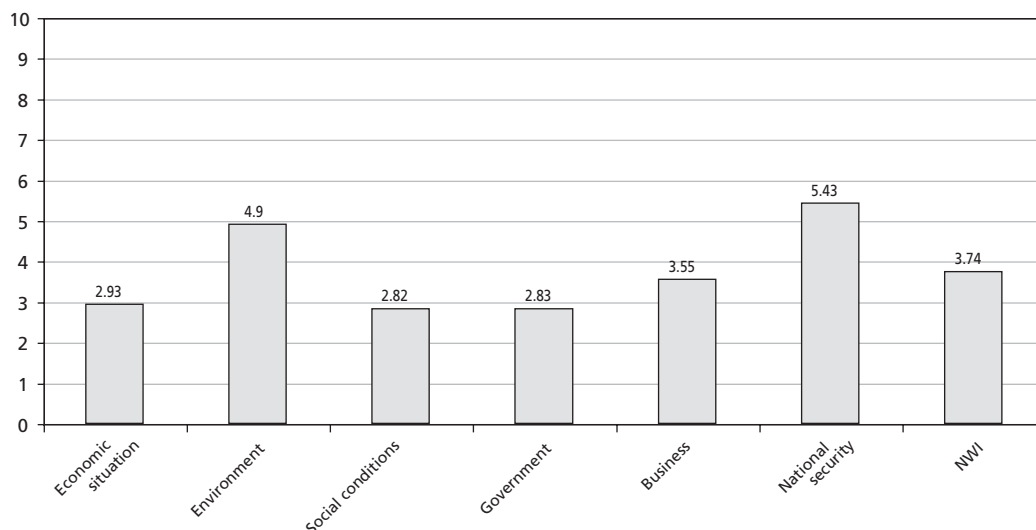
Source: Data for average happiness ratings in European countries are obtained from the European Quality of Life Survey (Böhnke, 2005). Data for Croatia are obtained from the national survey, November 2003.

The most recent data on subjective well-being, as reported in the UNDP survey (2006b), revealed that subjective well-being in Croatia is in fact quite high. On a 10-point scale, the average happiness rating in Croatia is 7.05, while life satisfaction ranked at 6.6. Women, older people and those with lower levels of education and income scored below the average. Moreover, unemployed respondents and those living in rural areas were less satisfied and less happy than the average Croatian citizen. Looking at the data from a regional perspective, the inhabitants of the Split-Dalmatia county showed the highest levels of life satisfaction and happiness, while those living in the county of Bjelovar-Bilogora appeared to be the least satisfied.

Perceived quality of society

Quality of society is an integral component of quality of life. In Croatia, several surveys have been conducted covering this dimension. Two surveys carried out by the Ivo Pilar Institute in Zagreb (Kaliterna Lipovčan and Prizmić-Larsen, 2006b) asked respondents to assess general economic and social conditions in the country and to rate the quality of environment and of public institutions. The National Well-being Index (NWI) was developed (see p. 35) and can act as an indicator of the perceived quality of society. The NWI includes satisfaction ratings with the country's general economic situation, the state of the environment, social conditions, the quality of government, business and national security.

Figure 7 Average satisfaction ratings for six national domains and average NWI score in Croatia, 2005



Note: Satisfaction ratings are measured on a scale of 0 to 10. number of respondents = 913

Source: UNDP, 2006b, p.40

The results in Figure 7 showed that Croatian citizens were most satisfied with national security and with the state of the environment. This was followed by satisfaction with the status of business in the country, the country's economic situation, and the quality of government and social conditions. A high level of satisfaction with national security could be attributed to the relative stability after the long years of war, as well as to political success in negotiations concerning Croatia's future accession to the EU and NATO. However, high satisfaction with the environment is more likely to be related to the fact that people are unaware of the environmental problems that exist, rather than being a reflection of really good environmental conditions in the country. Low satisfaction with social conditions and the government reflects concerns about low standards of living and increased income inequality, issues for which the government are usually held accountable.

The quality of society has also been measured by other indicators. For example, the recent UNDP survey (2006b) captured data on the perceived quality of society by asking respondents to give their views on tensions in society, trust in other people and experiences regarding discrimination. The results of the survey show that 61.8 % of respondents are concerned about tensions between rich and poor people in Croatia, while 58.9 % of respondents believed that relations between workers and management were also tense. Only a small proportion (17.6%) of respondents perceived gender-based tensions. High tensions among ethnic groups were perceived by 34.9% of Croatian inhabitants.

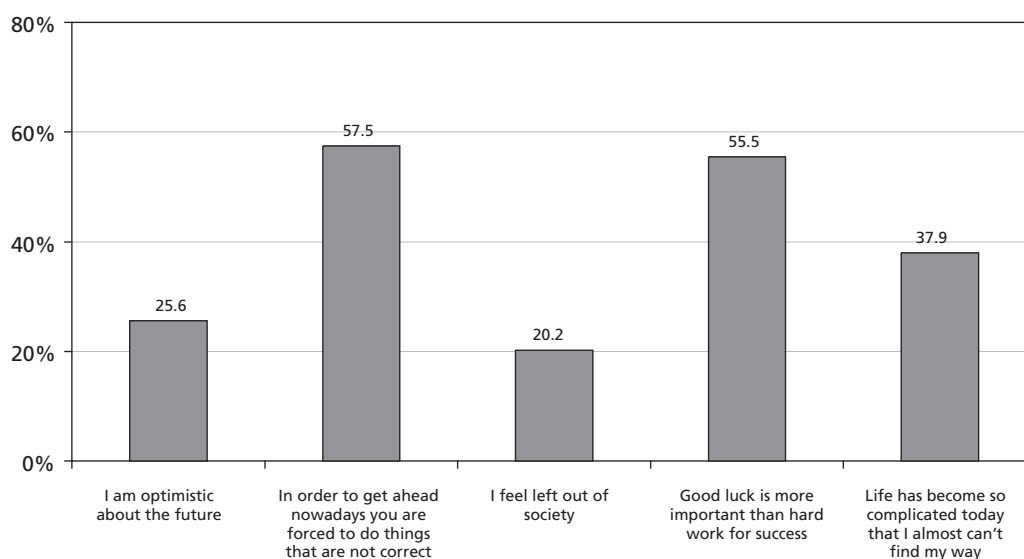
Men and those living in urban areas more often perceived high tensions between workers and management, as well as between various ethnic groups, than women and people from rural areas did. On the other hand, women more frequently cited high tensions between men and women and between young and old people than men did. Respondents with low education levels more often perceived significant tensions among all of the social groups surveyed.

In the UNDP survey, the quality of Croatian society was also assessed by asking respondents to rate the trust they have in their fellow-citizens. One-third of citizens (33.3%) reported that caution is necessary when relating to other people, while only 13.7% of respondents said that most people could be trusted. Perceived discrimination was measured by the question ‘Have you ever been in a situation where you’ve had problems because of your age or gender, religion or nationality, sexual orientation, health status, etc?’ The results showed that 12.1% of citizens felt discriminated against in at least one situation.

Furthermore, the UNDP survey examined feelings of alienation, exclusion and pessimism in order to get a comprehensive picture of the quality of society. The transition process in Croatia seems to have affected certain basic values in society. More than half of Croatian citizens (57.5%) believe that it is necessary nowadays to do things that are not always correct if one wants to advance in life and that good luck is more important than hard work for success (Figure 8). This implies that certain processes such as a weakening of social control, increasing levels of crime and corruption and the erosion of moral values are at play in Croatian society. Such processes have been translated at individual level into a feeling that society encourages behaviours and strategies that are not necessarily correct or good.

A sense of disorientation also appears to be a characteristic of the lives of many Croats, since more than a third of respondents (37.9%) said that life had become so complicated that they almost cannot find their way, while one in five reported feeling left out of society (Figure 8). Just 25.6% of Croats said they felt optimistic about the future. Feelings of pessimism, marginalisation and resignation were more often expressed by women, people aged over 35 years, those with low education levels and respondents from low-income groups. In addition, such feelings were more apparent among people living in rural areas and among those who are unemployed.

Figure 8 Proportion of respondents who agree (in case of optimism disagree) with various statements about life (%)



Note: number of respondents = 8,534

Source: UNDP, 2006b, p. 40

Quality of life of national minorities living in Croatia

According to the 2001 census data, 7.47% of Croatia's population is made up of national minority groups. More specifically, the Serb national minority constitutes the largest proportion (4.54%) of Croatia's minority population, followed by Bosnians (0.47%), Italians (0.44%), Hungarians (0.37%), Albanians (0.33%), Slovenians (0.30%), Czechs (0.24%), Roma (0.25%), Montenegrines (0.11%), Slovaks (0.11%) and Macedonians (0.10%). Other ethnic groups present in Croatia, which constitute less than 0.1% of the national minority, consist of Germans, Ukrainians, Russians, Jews, Poles, Romanians, Bulgarians, Turks and Austrians.

While no studies exist aimed at comparing the living standards and quality of life of national minority groups and Croats, minority groups are included in national surveys proportionally to their share of the population. However, the sample size is usually too small to enable any real comparisons to be made. Among minorities, the most researched group are the Roma because of their specific way of life, along with the Serbian minority since it is the largest minority group in Croatia.

Roma

The living conditions of the majority of Roma who live in the Republic of Croatia are difficult, primarily due to the high unemployment levels, poor school attendance rates, inadequate housing and unfavourable conditions of the settlements inhabited by the Roma (Government of the Republic of Croatia, 2005). The best illustration of their material status can be obtained from 2002 data, according to which some 89% of surveyed Roma households had no regular source of income.

Poverty among the Roma is considerably more widespread than among other groups or in society as a whole. Assuming that the poverty line is 60% of the average per capita net income, 76% of the Roma live in poverty. Roma poverty is often deep and long-lasting, affecting almost all aspects of their standard of living (housing, education, health, etc). Based on the UNDP study (in which the poverty line is USD 4.3 a day at PPP), the poverty rate among the Roma is about twice as large as that found among the non-Roma majority who are in close proximity to the Roma, at 13% and 5% respectively (UNDP, 2006a).

The Roma's subjective perceptions of their material situation do not differ significantly from the results of objective poverty measures (Šućur, 2005b). Several factors influence the increased vulnerability of the Roma population. Firstly, it is well known that the Roma have low levels of education and poorly developed professional skills, which in turn determine their position in the labour market. The single breadwinner model of the Roma family – whereby the man is the sole breadwinner, while the woman remains at home with many children – merely compounds the problem of poverty among people in this minority group. Social welfare is an extremely important source of income for the Roma, constituting the only or additional source of income for almost three-quarters of households. In the period 1998–2004, the number of households living on social welfare increased markedly. In the counties of Varaždin and Međimurje, where about 32% of the entire Roma population live, people in this minority group account for the largest number of beneficiaries in the welfare system.

The housing conditions of the Roma population are particularly unfavourable. Results from a 2004 survey showed that just 4% of Roma households had all of the basic necessities and facilities, such as connections for running water, electricity, indoor plumbing and an indoor toilet (Mišetić, 2005).

About 20% of Roma households did not have any electricity, although large differences emerged between Roma settlements in this respect. Over 70% of Roma households had no sewage system, while just 43% of the Roma population had an indoor shower or bathroom. Moreover, 60% of Roma households did not have any improved sanitation, while a significant shortage of space was apparent, with an average of only 14 square meters of living space allocated per Roma household member.

The Roma live in large families with many generations: some 20.3% of households have eight or more members, while single households are very rare among the Roma population (2.3% of households) (Štambuk, 2005).

Education is not recognised as an important need or as an actual problem by most Roma parents. Out of the total number of Roma aged 15 years and over, nearly a third (32.6%) have had no formal education (44.2 % of women and 21.3 % of men). In addition, some 41.7% of Roma did not finish primary school education (Hrvatić, 2005).

Despite the fact that the Roma are at risk of social exclusion in many ways – economically, politically and socially – the majority of the respondents (84.7%) indicated that, based on personal experiences, they feel respected in society. Family and personal values, together with freedom, are at the top of their value list (health, children, respect, freedom, friendship, love, marriage), followed by work and money, while political values (politics, nation, religion) are at the bottom of this list (Mišetić, 2005).

Serbs

The position of the Serb minority group in Croatian society is quite distinct, mostly due to recent historical events, in particular the war. While the Serbs who returned as refugees to the areas where they had previously been in the majority before the war officially enjoy the rights guaranteed to them under the Constitutional Act, in reality they are exposed to social isolation (UNDP, 2006c). In larger urban areas, Serbs are mostly dispersed and are gradually becoming assimilated. The social distance between the majority of the population and the Serb minority is today almost on the same level as it is in relation to any other national minority group (Open Society Institute Croatia, 2005).

The Serbs do not object to their level of access to social welfare or basic health insurance. However, as a large proportion of the Serbs who returned to Croatia are elderly and live in sparsely populated areas with little or no infrastructure, physical access to health services represents a serious problem for some people in this group (UNDP, 2006c).

Education in a minority language is guaranteed by the 2002 Constitutional Law on the Rights of National Minorities, which allows members of national minorities to establish crèches, primary and secondary schools and higher education institutions, tailoring them to their specific language and cultural traditions. As most children of Serb ethnicity in the Danube Region are enrolled in schools where all teaching is done in the Serbian language, with an additional four hours a week of Croatian language classes, this has resulted in a physical separation between children in this region. Teaching is performed in separate schools or in special classes in majority schools (UNDP, 2006c).

Regular monitoring of various indices of quality of life, living standards and social exclusion does not occur in Croatia. However, incidental – often once-off or small-scale – surveys, analyses and studies have been conducted by public institutes, governmental offices and/or international organisations, covering some aspects of quality of life. As a result, information on different dimensions of quality of life in Croatia is dispersed across many sources. The main objective of this report has been to provide an overview of recent national research on quality of life, living standards, income inequality and social inclusion or exclusion in Croatia, based on available data on such phenomena. Each section in Chapter 3 provided an overview of the reports and surveys that look at different quality of life issues, namely: the country's economic situation; housing and the local environment; employment and education; health, healthcare and access to health services; household structure and family; work–life balance; subjective well-being; and perceptions of the quality of society.

Geopolitical background

Croatia is a relatively small country in southeast Europe, surrounded by neighbouring countries Slovenia, Hungary, Serbia, Montenegro, Bosnia and Herzegovina, with the Adriatic Sea separating Croatia and Italy. According to the 2001 census data, Croatia has about 4.4 million inhabitants, some 780,000 of whom live in the country's capital Zagreb. Recent Croatian history has been marked by three political events: the fall of Communism, the declaration of independence from Yugoslavia (1991) and the War for Independence (Homeland War) during the period 1991–1995. Thus, in a relatively short time-span of 15 years, Croatia has undergone a shift from a planned to a free market economy, from a single party system to a pluralist democracy and from war to peace. In 2004, the country was granted EU candidate status, after which the negotiation process with the EU began in October 2005 when Croatia met all of the necessary preconditions.

Income and economic development

In terms of levels of income, Croatia belongs to the category of low-income countries, at least by EU standards. In 2005, GDP per capita (in PPP) in Croatia reached 47% of the EU25 average, which was comparable to levels found in Poland, the Baltic States and Slovakia, but which exceeded the levels of Bulgaria, Romania and Turkey. Average household equivalent income was about €300 a month, with considerable inequalities in income distribution (Gini coefficient 0.29 in recent years). In the period 2001–2005, the country's poverty rate ranged between 17% and 18%. However, the risk of poverty is much higher for certain population groups, in particular for unemployed, retired, inactive and poorly educated people. Single-parent families are also under increased risk of poverty. In addition, Croatia is characterised by considerable regional income differences, particularly those between the capital Zagreb (along with some coastal tourist resorts) and the rest of the country.

Non-monetary indicators are also not that favourable for Croatia. The data from the UNDP survey (2006) show that 28% of Croatian citizens experience multiple deprivations, meaning that they cannot afford at least three out of six basic necessities. One in eight households in the country reported having great difficulties in making ends meet. The figures are particularly high among vulnerable groups, such as low-income earners, unemployed people, those who are unskilled and among some ethnic groups, particularly the Roma.

Creating conditions for strong and sustainable economic development is crucial for improving the income position and living standards of Croatian citizens, and therefore constitutes a major challenge

for economic and social policy in Croatia. Economic growth and job creation will in turn increase the demand for labour, which represents the capital that citizens most depend on. Along with adequate economic and social policy, it is necessary to improve policies aimed at ensuring that all citizens benefit from economic development and growth. Particular focus should be placed on vulnerable groups of people.

Housing

Housing is among the most important components of quality of life. One of the distinct characteristics of housing in Croatia is the relatively high home-ownership rate (83%). This is largely due to the mass privatisation of the formerly state-owned housing stocks at the beginning of 1990s, which was done at a very low charge. For this reason, the majority of home-owners do not have a mortgage and, as a result, housing costs do not place a large pressure on the limited financial resources of many Croatian households. In relation to the size and quality of housing, the situation in Croatia is still not very favourable. One-room and two-room units (45.6%) dominate the country's housing stocks. The indicators regarding quality of housing are also not that favourable: some 10.6% of flats have no indoor flushing toilet, 11.6% have no bathroom, 6.4% of flats are not connected to a water-supply system, while 7.3% have no indoor plumbing. Housing conditions vary in quality between the regions as well as between different social groups.

One of the biggest problems in relation to housing in Croatia is its underdeveloped social housing rental sector (subsidised housing). This problem needs to be combated through the provision of adequate and affordable housing for low-income groups, particularly young couples and young families who cannot afford to buy or rent housing in the private sector. It also underlines the need for a proper housing strategy for Croatia, particularly in line with the social housing strategy concept, along with the need to define all aspects of social intervention in housing expenditure. Public policy can play an important role in reducing imperfections and distortions in the housing market. Moreover, it should be noted that difficulties associated with finding housing in different regions can contribute to low levels of geographical mobility among Croatia's labour force and, in turn, to lower employment possibilities for the country's significant proportion of unemployed persons.

Employment

Low quality jobs and unemployment are strongly related to poverty and social exclusion. Unemployed people in Croatia are among the poorest individuals in the country. Throughout the transition years, unemployment levels have been high in Croatia, reaching their highest level in 2001 and decreasing thereafter. However, Croatia's unemployment rate is still relatively high, standing at 10.9% in 2005. Women continue to dominate the unemployed population, representing a share of over 60% of this particular group. Although there has been a sharp decline in the number of young people who are unemployed, their position in the labour market remains highly unfavourable. In addition to a high overall rate of unemployment, Croatia also has a high level of long-term unemployment, which can be attributed to slow job creation and the long tenure of employed persons, on the one hand, and to the inadequate skill and knowledge levels of those who are long-term unemployed, on the other hand. Generally speaking, unemployment in Croatia is related to two factors: mass job destruction during the transition years and inadequate job creation both in relation to the number and quality of jobs. More specifically, the destruction of jobs in the context of the liquidation and bankruptcy of a large number of companies has not been matched by sufficient job creation in the private sector.

In relation to working hours, Croatian workers work relatively long hours. In 2005, full-time employees in Croatia worked an average of 41.6 hours a week, which was considerably more than the EU average. Other characteristics of employment in Croatia are a high proportion of newly employed people on fixed-term contracts, a relatively high share of employees working shift work and on weekends, and a very low proportion of employees (1.4%) working part time. In terms of job quality in Croatia, a number of indicators imply that the situation is not very favourable. In 2006, some 51.4% of employed people reported that they found their job to be too demanding and stressful, 39% indicated that they constantly worked to tight deadlines, while 23% reported working in dangerous or unhealthy conditions. At the same time, only 25% of jobholders cited having good prospects for career advancement, while 33% considered that they were well paid.

Increasing the employment rate and improving the employability of the labour force have become key objectives of social policy and labour market policy in Croatia. Thus, increasing access to employment and improving activity rates is clearly vital for both preventing and reducing unemployment and for improving the quality of life, living standards and social inclusion of many people. However, the quality of employment also has to be sufficient to enable people to generate a reasonable income. In order to increase the employment rates of those with a low level of education or of those with the knowledge and skills that are not in demand in the labour market, it is necessary to continue shifting the emphasis from passive measures (financial support of the unemployed) to active forms of assistance (training and education in accordance with changing labour market needs). Moreover, it is important to systematically develop and implement social (income) protection measures, in particular those aimed at making work worthwhile (pay).

A significant part of the solution lies in the sphere of economic growth and development and in increasing the overall supply and quality of jobs. Another important factor is overcoming the mismatch between labour demand and supply. However, strengthening measures that will increase the employability of disadvantaged groups will also be necessary, thus enhancing their chances of finding a job. The best security or protection against unemployment can be obtained by enhancing people's employability. Thus, through further education and acquiring new knowledge and skills, people can improve their employability. Individuals are most employable when they have broad-based education and training, basic and portable high-level skills, including teamwork skills, problem-solving skills, knowledge of ICT, communication and language skills, along with the competencies to protect themselves and their colleagues against occupational hazards and diseases. This combination of skills will enable people to adapt to the changes in the world of work.

Education

The education levels of the Croatian population are far from satisfactory. According to the 2001 census data, some 18.6% of the population had less than a primary school education, 21.8% had completed primary school only, 47.1% of the population had a secondary school education, while only 11.9% of the Croatian population had a post-secondary education. However, this situation is improving as the educational structure of the younger age groups is more favourable than that of the overall population; for example, 83.9% of people in the 20–24 age group have a secondary level education. The educational attainment of women is significantly lower than that of men, but also improving among the younger generations. The most dynamic educational sector in the world – adult education and lifelong learning – is almost completely neglected in Croatia. This is reflected in the

extent to which the sector is underdeveloped in terms of the coverage of attendees, the number of specialised institutions and specialised staff, and the lack of legal regulation.

Much needs to be done in the area of education, therefore, particularly with regard to the following key aspects: increasing the ratio of children enrolled in primary and secondary schools, conducting research into the causes of school drop-outs and into preventive measures, improving the match between educational programmes and labour market needs, and raising the percentage of the population who engage in and complete higher education. Finally, it is necessary to improve the scope and the quality of lifelong learning and training opportunities, especially for older workers.

Healthcare

In relation to the area of health, most Croatian citizens perceive their health status as being either good or satisfactory. More than a third of inhabitants (39.8%) even estimated that their health was either very good or excellent, while about one in eight people (13.2%) claimed that they were in poor health. The proportion of people who evaluated their health status as being poor increased with age, as did the number of people with a long-standing illness or disability. Women, low-income households, those with low education levels and people living in rural areas more often evaluated their health as being poor and more frequently stated that they had a long-standing illness. In addition, unemployed people more frequently described their health status as being poor and more often said that they had a long-standing illness or disability than employed people did.

Croatia spends a respectable proportion of its resources on healthcare: in 2003, total expenditure on health amounted to 7.8% of GDP. About 97% of Croatian citizens are covered by the public health system. The organisation of the health sector in Croatia shows some specific features. The primary healthcare system is mainly comprised of private GPs and dentists who have contracts with the Croatian Insurance Health Institute (CIHI), while secondary and tertiary care is largely performed by state-owned health institutions. On the basis of the number of hospital beds, Croatia is on the same level as developed European countries, although the number of medical doctors per 100,000 inhabitants is lower in Croatia. However, large regional discrepancies emerge in the country's health capacities, with a huge concentration of medical institutions evident in the bigger cities, while some regions – particularly the islands – show a poor coverage of health services. Almost 12% of Croatian citizens report that the distance from medical services or hospitals makes their access to healthcare very difficult.

The cost of seeing a doctor also constitutes a barrier for people in accessing medical services, with some 18.6% of Croatian citizens reporting that such costs have prevented them from receiving medical services. Many Croats also cite long waiting times to see a doctor and delays in getting an appointment as a problem in accessing health services. Access to adequate healthcare emerges as a particular problem for elderly people, those with lower levels of education, low-income earners and people living in rural areas.

Measures aimed at improvement in the area of healthcare should be directed towards achieving timely and more equal access geographically to good quality health services (primarily reducing long waiting lists) and towards increasing the efficiency of available resources. Among the many measures, this could be achieved through better regional distribution and planning of healthcare capacities, by

providing better coverage and access to health services for the most vulnerable groups in society (children, elderly people, low-income earners) and by solving existing overlaps in service provision. Better organisation and stronger harmonisation between the three levels of healthcare should result in a higher reliance on primary healthcare, while the reduced use of unnecessary specialist and hospital services should contribute to increasing the quality of health services. Prevention programmes and health education can also play an important role in increasing awareness of health risks, particularly among the younger generations of Croats.

Households and families

In relation to the number, size and composition of households and families, significant changes have emerged in Croatia during the transition period. The total number of families fell from 1,367,106 families in 1991 to 1,252,025 families in 2001. Family structure in Croatia has undergone slow, but remarkable changes. The average family size was 3.2 members in 1991 and 3.1 in 2001, which indicates a slow decline. Some 27% of families consisted of couples without children, 58% of couples with children and 15% of single parents. Just 9.7% of families had three or more children.

The increase in the average age at which people get married also plays an important role in the family formation process and the composition of households. It should be noted that the role of prolonged education among both sexes and increased female participation in the labour market also influence later marriage and have an impact on the lower number and changed composition of households and families in Croatia.

Particular attention should be paid to single-parent families in Croatia, the number of which has been rising rapidly, although it is still significantly below the average of many European countries. According to the 2001 census data, out of the total number of families, 15% (or 188,000 families) were single-parent families; 12.5% of these consisted of single mothers with children, while the remaining 2.5% were comprised of single fathers with children. Croatia is also characterised by having a relatively large share of multi-generation households, where children, parents and grandparents live together.

The Homeland War during the 1990s played a significant role in strengthening family ties and family solidarity in Croatia, as the need for such support is always greater during difficult times. Unfavourable economic conditions (unemployment, relatively low wages) have also had an impact on the changing role of the family and solidarity: for example, many people live in three-generational households as they cannot afford their own housing or to live on their own. Family support is still very important in Croatia: the majority of Croatian citizens reported that, in times of need, they would have someone to turn to, mostly someone within the family. For help around the house when a person is ill, 89.4% of respondents said they would turn to family members, while 54.3% indicated that they could borrow money from family members in the event of financial difficulties.

Work–life balance

The aforementioned relatively long working hours of Croatian employees (one-third work more than 48 hours a week) and frequent tight deadlines and work pressures all have a negative influence on people's ability to balance family and working life. More than half (56%) of Croatian employees reported that their job hinders their ability to do housework, while over a third (39%) had difficulties

in fulfilling family (care) responsibilities. This situation is even more difficult for women, who perform household activities to a much greater extent than men do. Therefore, it is not surprising that women more frequently stated than men did that work made it difficult for them to fulfil their family obligations and housework. Difficulties in balancing work and family life are partly caused by inflexible working time arrangements and by inadequate and costly care facilities. Many employees in Croatia experience a lack of or inadequate childcare and elderly care services, and often people cannot access adequate help for household tasks.

The difficulties experienced in reconciling work and non-working life have a large impact on people's satisfaction with their work, their family relations and their quality of life. For these reasons, the social partners should consider creating and offering more possibilities for balancing family life, social life and paid work. In particular, it is necessary to enhance the availability, coverage and affordability of childcare facilities and elderly care institutions. Moreover, employees should be given more opportunities to work part time and greater autonomy in setting their work schedules through the introduction of more flexible working-time arrangements. Labour market regulations and social security provisions should ensure that people – particularly part-time working mothers – have the opportunity to return to full-time work in order to reduce the risk of poverty in old age. Although Croatia has already made steps in this direction, much still needs to be done to increase the social acceptance and take-up of flexible working-time options, as well as to create conditions for greater job and income security. Failure in this respect may hinder efforts aimed at increasing labour market participation and at improving people's quality of life.

Subjective well-being

In terms of subjective well-being, it was found that Croatian citizens are most satisfied with their family life and relationships with friends, while they are most dissatisfied with their standard of living. Croatia scores relatively high in relation to happiness ratings – the highest after Slovenia of all of the transitional countries. Furthermore, happiness ratings have been increasing in Croatia since 1995, which might be explained by improvements in the country's economic, political and social situation. Women, older people, those with lower education levels and people earning a low equivalent household income had lower levels of life satisfaction and happiness than Croats on average. Moreover, large regional differences emerged in relation to these two indicators: inhabitants of the Split-Dalmatia county showed the highest levels of life satisfaction and happiness, while those living in the county of Bjelovar-Bilogora appeared to be the least satisfied.

Quality of society

Indicators concerning the perceived quality of society reveal that many Croatian citizens are not very positive about the quality of public institutions and services. People are most satisfied with national security and the quality of the environment, and least satisfied with social conditions and the country's economic situation. A high level of satisfaction with national security can be attributed to the relative stability achieved after the long years of war, as well as to political success in the negotiations regarding Croatia's future accession to the EU and NATO. However, high satisfaction with the environment is more likely to be related to the fact that people are unaware of the environmental problems that persist, rather than being a reflection of favourable environmental conditions in the country. Low satisfaction with social conditions and the government reflects people's concerns about low standards of living and increased income inequality, issues for which the government are usually held accountable.

Croatian citizens appear to be relatively concerned about tensions in society, particularly with regard to vertical tensions between rich and poor people (62% of respondents) and between workers and management (59%). These tensions are related to the increased income inequalities and material polarisation that emerged during the transition period. Reducing the gap between rich and poor people should therefore constitute one of the key challenges for policymakers in Croatia. A high proportion of Croatian citizens (35%) also perceive tensions among ethnic groups, which can be attributed to the ethnic diversity in the country and, even more so, to the recent war experience.

Other indicators regarding quality of society are also not very satisfactory. People's level of trust in their fellow-citizens is quite low, for example, with one-third of citizens reporting that caution is necessary when relating to other people. At the same time, feelings of alienation, exclusion and pessimism are quite widespread. The transition process also seems to have affected certain basic values in society: more than half of Croatian citizens believe that it is necessary nowadays to do things that are not correct if one wants to advance in life and that good luck is more important for success than hard work. This implies a perception of society in which a weakening of social control, increased crime and corruption, and the erosion of moral values are at play. Such findings should provide a clear signal to policymakers of the issues that need addressing and of the conditions that need to be created for improving quality of society in Croatia.

Minority groups

National minority groups represent 7.47% of Croatia's total population, the largest group being the Serb minority (4.54%). Mostly due to recent historical events, the Serb minority have encountered considerable problems in particular regions of Croatia, resulting in social isolation. However, the social distance between the majority of the population and the Serb minority today is almost on the same level as it is in relation to any other national minority group.

The most vulnerable minority group in Croatia is the Roma. In particular, the living conditions of the majority of Roma are difficult, primarily due to the high rate of unemployment, poor school attendance rates, inadequate housing and unfavourable living conditions. Poverty among the Roma is considerably more widespread than among other groups or in society as a whole. Although the Roma are at risk of marginalisation and social exclusion in many ways – economically, politically and socially – most of them (84.7%) feel respected in society.

Policy pointers

From the findings outlined in this report, it is obvious that Croatia faces an important policy challenge in strengthening its efforts to significantly improve the quality of life and living standards of its citizens and in building a more inclusive society. The key policy conclusion to be drawn from this is that promoting quality of life, living standards and social inclusion should be defined as a priority objective across all areas of policymaking and implementation, thus ensuring a multi-dimensional and holistic approach to preventing and reducing poverty, inequality and social exclusion. In order to underpin the development of effective policies and programmes aimed at improving quality of life and living standards, it is essential to put in place mechanisms and procedures designed to help coordinate and bring into the mainstream anti-poverty activities, to mobilise all actors and to ensure the adequate implementation of policies. In this regard, strong links and a clear distribution of

competencies between national, regional and local authorities should be established to ensure effective and coordinated development and the delivery of social inclusion policies.

Many aspects of this challenge will require new policy responses. Key areas where policy efforts will be needed include tackling unemployment, in particular long-term employment, modernising the social welfare system, improving access to services (particularly with regard to health, housing, education and social services), reducing inequalities and eliminating discrimination, especially among minority groups and people with disabilities. In addition, it will be essential to take into account the considerable regional differences that are evident in relation to quality of life, living standards and social exclusion, along with the differences between urban and rural settings in Croatia.

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Annex

Major data sources and relevant statistics for future monitoring of quality of life in Croatia

The Central Bureau of Statistics (CBS), based in Zagreb, manages the statistical system of Croatia and consists of some 21 regional statistical offices. The CBS conducts two main sample surveys aimed at providing information on labour market and living conditions: the Household Budget Survey (HBS) and the Labour Force Survey (LFS).

Since 1998, the CBS has been conducting the HBS on an annual basis. A large amount of data on income and consumption, together with social and demographic household characteristics, is gathered by the survey. The HBS is a continuous survey with fieldwork taking place throughout the year in 26 two-week periods. The survey consists of two questionnaires: the first relates to the socio-demographic characteristics of households, while the second concerns data on household expenditure and assets, along with data on the purchasing of everyday items. In addition to evaluating the living standards of the population, the survey is used to determine weights for a cost of living index and for the consumer price index. Finally, the data are also used to satisfy informational needs in certain fields of the economy such as in relation to tourism, distribution markets and agriculture. The LFS is also conducted on a continuous basis and is focused on collecting information on the size, structure and dynamics of the Croatian labour force.

Household Budget Survey (HBS)

The structure of consumption is observed according to the international Classification of Individual Consumption by Purpose adopted for the Household Budget Surveys (Classification COICOP-HBS). In a limited sense, the HBS aims at obtaining data for the calculation of weights that are used for measuring consumer price indices as well as the calculation of final household consumption, which represents a part of the system of national accounts. The survey data are also used for the calculation of poverty indicators. The methodology of the HBS covers private individual households in Croatia only, in other words excluding the population residing in institutions, boarding schools, prisons and hospitals, as well as the consumption of foreign tourists. The HBS is conducted as an annual survey and data are collected over 12 months. In Croatia, as well as in most countries, this period corresponds to the calendar year. Field interviews for the survey are carried out on a continuous basis over the course of the year in 26 two-week intervals. Interviewers conduct the survey in selected dwellings using three types of questionnaires. Data regarding most consumption issues are collected through interviews. Information concerning food, beverages and tobacco is obtained through a diary which is kept in the household for a period of 14 days. The HBS is carried out using a random sample of private households, which is defined separately for each year, that is, the sample does not consist of a panel so households are not repeatedly interviewed every year.

In 2005, the HBS sample was selected in two stages. In the first stage, some 26 samples were selected, each containing 13 groups of neighbouring enumeration areas, called segments, for each of the 26 two-week periods, out of a set of 720 segments previously selected for the 2005 LFS. In the second stage, 12 dwellings occupied by private households were selected, out of each of the total of 338 selected segments, which were not previously selected in the 2005 LFS. Thus, a total of 4,056 dwellings occupied by private households were selected. At each selected occupied dwelling, all private households were interviewed. A total of 2,727 private households were successfully interviewed. The response rate at the private household level was 71%.

In general, the HBS survey instruments are well designed, collect a great deal of information about the standard of living of Croatian citizens and conform to international standards regarding household-based surveys. Results from the HBS are available approximately five to six months after the completion of data collection.

Labour Force Survey (LFS)

In order to fulfil the need for more frequent data collection more than just once a year, and following the example of European countries and the recommendations of international institutions, the LFS has been carried out on a continuous basis in Croatia since 1998. Accordingly, a part of the total sample of households is interviewed every month and data are processed and published for each half-year period. The LFS measures the economic activity of the population in a short period of one week. The reference week is the last week of the current month, provided that it does not consist of a public holiday or any other holidays. Twice a year, around 19,000 persons are interviewed in almost 7,000 households. In 2004, the response rate amounted to around 85%. The LFS is based on a two-stage stratified random sample of housing units, within which members of all households are interviewed as survey units. A 'household' is every family or another kind of community of persons who live together and spend their income on essentials for living, such as housing and food. Results of the LFS are published twice a year, three months after the data has been collected.

Other CBS data sources

The CBS makes the data collected by the statistical surveys available to users through statistical publications, documentation, CBS web pages (www.dzs.hr), on electronic disks, by fax, electronic mail and through special analysis and delivery. Each year, the CBS publishes its Publishing Programme in Croatian and English, which is available free of charge in printed form and on the Internet. The main annual publication of the CBS is the *Statistical Yearbook of the Republic of Croatia*, where the most comprehensive official statistical data on the economic, demographic, social and environmental situation of Croatia are presented. It also compiles publications in the form of monthly statistical reports, annual statistical information, statistical releases (semi-monthly, monthly, quarterly, semi-annual, annual and biennial), methodological directions, studies and analyses, as well as special editions. Most publications are published in both Croatian and English, and in addition to the printed format, they are also distributed on floppy disks or via e-mail. All publications include information on how to access data on the Internet, the unit of analysis pertaining to data presented, the time frame involved, the publishing periodicity and the language in which the publication is written. A free calendar of first release issues, with the exact data of the first release, the period to which data refers and the level of presentation, is also available to users. One copy of all publications is delivered to state and local governing bodies without charge. Finally, the Publishing Programme also includes detailed information on the accessibility of statistical data, information on publication prices and the information technology services for particular standard and non-standard analyses.

Main publications of the CBS

- Statistical yearbook – aimed at the widest range of users, particularly economists and scientists. It provides a review of Croatia with the most expanded data selection, shown in series of several years and featuring complete methodological explanations. It also includes a review of core

indicators by county and the International Review created for a comparison between Croatia and other European and world countries. The yearbook is available in printed form and on disk, in both Croatian and English. The most important results are also published on the CBS web pages.

- Monthly statistical reports – published in both Croatian and English. The reports are available in printed form, on disk and through e-mail.
- Statistical information – includes a brief selection of the annual data for the Republic of Croatia, a county review and a short comparison with other countries in the International Review. Information is disseminated in Croatian and English, in printed form, on disk and via e-mail.
- First release – short and concise statistical information sheets issued in accordance with the regular dynamics of statistical surveys (half-monthly, monthly, quarterly, semi-annual, annual and biennial). It includes data several days after the results of particular statistical surveys are known. The most important releases are published in Croatian and English, and can be accessed on the Internet. They are also available in printed form, on disk and through e-mail.
- Statistical reports – provide comprehensive data from particular surveys or a number of surveys from the same area with detailed methodological explanations. The reports are available in printed form and on disk. Some reports are published in English.
- Methodological directions – publications consisting of data on sources and on collection methods, and of the range and definitions of statistical surveys. These data are aimed at people who conduct statistical surveys, as well as users, in order to facilitate a greater understanding of the data. They are disseminated in printed form and on disk.
- Studies and analyses – analyses of particular statistical surveys, compiled by experts from the CBS or their associates. They are available in printed form, on disk or through e-mail.
- Special editions – aimed at expert user groups, these editions elaborate on issues important for methodology and statistical standards development.
- Publishing Programme – catalogue published in Croatian and English, it provides an outline of the titles of all publications that the CBS is planning to publish over a certain period of time. The programme provides information on the content, timelines, publishing period, language, format, price and the media in which the publication is available.
- Calendar of first release issues – date of the release, data reference period and level are outlined. This information is aimed at all first release users.

European Foundation for the Improvement of Living and Working Conditions

Quality of life in Croatia: Key findings from national research

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Croatia's application for EU membership and its unique historical past – in particular the upheavals experienced over the past two decades – make it an interesting subject for the study of quality of life. This timely report sheds valuable insight into the social and economic conditions in present-day Croatia. Its findings are drawn from several national sources, but mainly from the Quality of Life Survey conducted by the United Nations Development Programme in Croatia in 2006. This survey used the questionnaire and methodology of the Foundation's 28-country First European Quality of Life Survey, which gives an internationally comparable perspective. The report explores key indicators of quality of life, such as household income, housing and local environment, employment and education, health and health services, family size and structure, work–life balance and perceptions of individual well-being.

The European Foundation for the Improvement of Living and Working Conditions is a tripartite EU body, whose role is to provide key actors in social policymaking with findings, knowledge and advice drawn from comparative research. The Foundation was established in 1975 by Council Regulation EEC No. 1365/75 of 26 May 1975.



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