



Report on Measures to Combat Youth Unemployment in Croatia

Overview of the political situation with regards to youth unemployment

Croatia's youth unemployment rate is currently one of the highest in Europe. It should be noted that it has always been above EU average. In 2012 youth unemployment rate in Croatia stood at 41.7%. Moreover, between 2008 and 2012 it grew almost twice as fast as the general unemployment rate: while general unemployment increased by 38%, in the same period youth unemployment did so by 58%.

This is important for understanding that Croatia did not just "import" youth unemployment along with the economic crisis: the economic crisis just deepened the already existing structural barriers to effective youth employment.

Even though the previous government introduced certain measures to combat youth unemployment, or at least alleviate its consequences, negative trends perpetuated. Recent analysis show some progress, mostly when it comes to expanding active labour market measures among unemployed youth aged 15-29, and slightly decreasing NEET rate in period between 2008 and 2010.

The current government has continued to combat youth unemployment through introducing additional measures, but its efforts did not bring the necessary results. The problem is that most of the measures do not bring anything new; they have just been applied to the extended group of beneficiaries. Reports have shown a huge disproportion in the usage of different measures: most of the beneficiaries have been included in internships (mostly in the public sector), while other measures have not effectively tackled youth population, especially those with lower qualifications and long-term unemployed young people. In July 2013 unemployment rate within the 15-24 age group spiked to 51.8%.

After the recommendation of the EC on youth guarantee, Ministry of Labour and Pension System announced that Croatia will not only begin implementing youth guarantee by the

time of Croatia's accession to the EU, but that the target group of this package will be expanded to the 24-29 age group, more in accordance with the country's youth policy framework. In June, they presented the measures that will be implemented within the youth guarantee scheme. Again, most of the presented measures already existed, but for the purpose of this process their target group has expanded once again. This has been done not only without consulting different social partners but also without a clear strategic framework for the development and implementation of the youth guarantee scheme. Social partners, including the Croatian Youth Network (MMH), have publicly pointed out the potential negative effects on the coherence and compactness of the package and its final effects, if the scheme is to be implemented without an effective plan. This has resulted in the establishment of an advisory body charged with creating the implementation plan for youth guarantee. Representative of MMH presides over this body and actively participates in the making of the implementation plan. The implementation plan will be adopted by the body and sent to the Minister for approval. Contrary to initial signals from the Ministry, at the first meeting of the advisory body the Minister announced that there is still possibility to suggest additional measures within the implementation plan.

Our advocacy efforts have been focused on four main goals:

- to create a chance for the integration of the long-term unemployed youth that are at the greatest risk of social exclusion,
- to ensure decent allowance for beneficiaries of measures within youth guarantee scheme
- to remove institutional divisions that prevent cooperation needed for a coordinated approach to the implementation of measures within the youth guarantee
- to develop a transparent and comprehensive mechanism for monitoring and evaluation, in which youth organizations will have an important role.

Overview of the welfare system with regards to young people

In Croatia there are different types of unemployment benefits such as: unemployment monthly allowance, financial assistance and reimbursement for the time spent in education or training organized by the employment service, one-time financial assistance and reimbursement of travel and relocation expenses, basic health insurance and subsidies for public transport.

To be eligible for unemployment benefits in Croatia, in the sense of receiving a monthly allowance for unemployed persons, the following criteria must be met:

- the person has been working for at least 9 months in the past 24 months
- previous employment did not terminate due to the fault or will of the person who is seeking unemployment benefits
- the person applied for unemployment benefits within a month after the

termination of employment

In Croatia, if a person is eligible to receive unemployment benefits, during the first three months of being unemployed he or she receives 75% of the average salary within the last three months of his or her employment. After the first three months, the beneficiary receives 35% of that amount, until the expiration of the time for which he or she enjoys the right on the monthly compensation. The compensation cannot be lower than 50% of the minimum salary, currently standing at around EUR 380 gross income.

Bearing in mind that very few young people are eligible for unemployment benefits as those are linked to previous employment, youth guarantee needs to tackle the expanding risk of poverty within the youth population. This is to be achieved through balancing the amounts of allowance for beneficiaries of measures within youth guarantee scheme, putting them as close as possible to the level of minimum salary.

When it comes to the other benefits such as social housing, healthcare, etc., there are additional benefits for some of the vulnerable social groups such as Roma, youth in alternative care, persons with disabilities, etc., but not for youth in general.

Measures brought in to address youth unemployment since 2008

In order to tackle youth unemployment, different measures within active employment policy have been introduced from 2008 onward. Most of them can be characterized as belonging to one of these groups:

- support for employment and on-the-job training
- support for self-employment
- training
- public works
- internships
- support for the preservation of jobs

Generally, these measures have been created to ensure realization of the following objectives:

- to acquire first work experience
- to shorten waiting for the first employment
- to open internship opportunities for persons with higher level of education
- to gain independence to be able to work in the chosen profession
- to bring closer to the labour market different vulnerable social groups such as young Roma people, drug addicts, youth with disabilities, national minorities, etc.
- to enable first work experience for people with lower qualifications.

Even though it was more than obvious that measures introduced in the past 4-5 years failed to decrease youth unemployment, most of the time there was no actual will to create new or review and reshape the already existing measures. Mostly they were just expanded to the wider groups of users.

Analysis and reports made by the Croatian Employment Service showed obvious

misbalance between measures which tackle young people without previous work experience and measures that aim to reintegrate young people to the labour market, such as public works, support for self-employment and training in line with labour market needs. Latest data (for the period between January and July 2013) show that co-financing first jobs for young people without previous work experience and internships still present the most commonly used measures by beneficiaries in the 15-29 age band.

However the implementation of these two measures has also been problematic. Internships have been mostly organized in the public sector with no real chances of employment after completing the internship.

Perspective of the National Youth Council of Croatia on what has been done so far

As the national youth council, representing and advocating interests of more than 60 youth organisations in its membership, MMH has been intensely involved in monitoring different trends in the Croatian labour market, especially those that have been affecting youth (un)employment.

Over the years MMH has used different methods and occasions to point out the key issues when it comes to youth integration in the labour market in Croatia, such as the lack of coordination among key stakeholders in the field of (vocational) education and employment policies, continuous labour market segmentation, destruction of the country's industrial potential and the lack of overall strategic approach to ensure social and economic independence of young people in Croatia.

Additionally, in the last three years, MMH initiated or took active part in several significant processes. We have conducted a research on discrimination of youth at the labour market (first of its kind), we organized the first cycle of structured dialogue ever implemented in Croatia, with the topic of youth unemployment, and participated in the international research on the risk of social exclusion among youth in vocational education and training. Our work has been recognized on many different levels, which has made us an important stakeholder when it comes to creating different policies on youth, employment and social inclusion.

Through our presence on the European level, MMH has got the chance to get familiar with the existence of youth guarantee long before it became one of the hottest topics on the EU agenda. Unfortunately, even though MMH advocated three years ago that preparatory activities should begin right away, decision-makers in charge for labour market were not eager at all to seriously consider our recommendations.

Finally, when Ministry of Labour and Pension System announced the implementation of the youth guarantee in Croatia, MMH had invested considerable efforts to promote youth guarantee among key labour market stakeholders, such as the Croatian Employers' Association, Croatian Chamber of Economy, Croatian Chamber of Trades and Crafts and trade unions. As already mentioned at the beginning of this report, by joint efforts of the social partners an advisory body, in charge for the creation of the implementation plan for youth guarantee, has been established.

Considering that youth organisations not in MMH membership did not demonstrate the capacity to contribute to the advocacy process on youth guarantee, MMH has recognized the youth branch of the Union of Autonomous Trade Unions of Croatia and civil society organization called CESI (Center for Education, Counselling and Research) as its strategic partners in this process.

Other additional measures

Through its representatives in various other advocacy processes and bodies, MMH has been advocating not just for additional measures, but also for policies and different approaches that can tackle or prevent youth unemployment, such as advocating for the institutional recognition and validation of the non-formal education.

Additionally, MMH is involved in the process of creating the new National Programme for Youth and is developing measures in the “Employment and entrepreneurship” chapter aiming at:

- creating more synergy between active employment policy and youth work – Youth organisation play an important role in providing non-formal education opportunities for young unemployed persons. MMH strongly believes in the potential of youth work in the development of different soft skills that can prepare young people for different challenges in the labour market and help them to gain autonomy in general.
- encouraging the development of activities that clearly connect volunteering with labour market outcomes and validation of non-formal education in general - This aims to create activities which will promote validation tools for competences gained through volunteering. Moreover, establishment of contact points in charge of promoting volunteering and its positive effects on the development of non-formal education should also be considered.
- strengthening the institutional framework for increasing performance of practical training in formal education – MMH advocates the initiation of a policy process which will result in establishing formal framework for the strategic development of apprenticeship and practical training in education, in order to create a basis for further institutional development in this field.