

# Child poverty and household coping strategies in Croatia

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# **CHILD POVERTY AND HOUSEHOLD COPING STRATEGIES IN CROATIA**

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## FOREWORD

This study was supported financially by Zaklada Adris under their programme 'Znanje i otkrića'. We thank the Foundation for their generosity, support and flexibility. In addition the support of the Ministry of Social Policy and Youth (now the Ministry of Demography, Family, Youth and Social Policy) was crucial in allowing access to the network of Centres for Social Work and, via them, to beneficiaries of Guaranteed Minimum Income (GMI). Fifteen Centres for Social Welfare provided lists of GMI users and supported the project in a number of ways. We want to thank those beneficiaries that consented to be surveyed and those who took part in Focus Groups and individual interviews. We also want to thank all those who took part in the initial consultation workshop in March 2016 and the closing conference in March 2017 for their valuable comments and suggestions.

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## CHAPTER 1 - Researching Child Poverty and Household Coping Strategies

Reducing child poverty is a priority within the European Union and its Member States, with the European Commission Recommendation ‘Investing in Children: breaking the cycle of disadvantage’ (European Commission, 2013), endorsed by the EU Council of Ministers in July 2013, a key document in this regard. It calls on Member States to “tackle child poverty and exclusion through integrated strategies that go beyond ensuring children’s material security and promote equal opportunities so that all children can realise their full potential”. An integrated approach is one which combines access to adequate resources, access to affordable quality services, and promotes child participation. Poverty and social exclusion of children is a crucial societal challenge, precisely because children who spend parts of their childhood in (or at risk of) poverty and social exclusion are likely to under-achieve academically and, indeed, to be in (or at risk of) poverty and social exclusion as adults. Fighting child poverty and improving child well-being is vital in order to break the inter-generational transmission of poverty and disadvantage and to ensure that all children have equal opportunities to thrive and prosper in society.

A rights-based approach to child poverty means that the situation of people living in poverty is not viewed solely as a welfare issue but also as a violation of human rights (UNICEF, 2000; 3). Human rights instruments including the *Convention on the Rights of the Child* and the *Convention on the Rights of Persons with Disabilities* reinforce the view that social rights are human rights, and should not depend on their ‘affordability’ or on political and ideological choices. Efforts to tackle child poverty and improve child well-being need to be comprehensive and multi-dimensional (Espey et al, 2010; 3). Nevertheless gaps remain in terms of integrating or mainstreaming child rights issues into ongoing poverty reduction strategies and programmes.

In the current Croatian context marked by an ageing population and falling birth rates, demographic policy has, rhetorically at least, become a top priority. Informing this study is the idea that it is not enough to ask ‘how many children’ there are in a society, but also ‘how are’ those children. In a sense, child poverty is the litmus test of a society and, certainly, of its social welfare system. Unlike other beneficiaries of social welfare, of course, children do not have a vote and poor children and their families have too little voice in society. Without embracing a sense of children as ‘innocent’ or ‘passive’ victims of poverty, it is clear that the eradication of child poverty is an important indicator of social justice. From an economic point of view, investing in children is a low-risk and high-benefit investment. Conversely, under-investing in children is both dangerous and costly to a society for generations to come.

Statistics allow us to track trends in terms of the percentages of the child population at risk of poverty as well as the household characteristics of those at risk. However, they tell us little directly about the coping strategies of households living on low incomes and how these affect paths into and out of poverty, as well as how they impact on children’s life chances, particularly in terms of education and the labour market. The very idea of researching coping strategies suggests a move away from a view that poverty is “something that happens to people that they do not exert any influence on”. Instead, it moves us towards a view of people as “active agents who have a certain freedom of choice and action” (Snell and Staring, 2001; 10) no matter how constrained and limited this might be by their structural circumstances. In societies such as Croatia, informal coping strategies exist alongside formal social protection systems and their interactions are crucial in terms of strengthening, or weakening, the social safety net for individual households and, in particular, for determining the life chances of children in those households.

For the purpose of this study, 'coping strategies', sometimes also termed 'survival strategies' or 'household strategies' (cf. Mingione, 1987; Roberts 1991) refers to "all the strategically selected acts that individuals and households in a poor socioeconomic position use to restrict their expenses or earn extra income to enable them to pay for the basic necessities (food, clothing, shelter) and not fall too far below their society's level of welfare" (Snell and Starling; 2001; 10-11). It is important to note that the concept of 'strategy' does not, at all, imply that households are in complete control of their choices. However, it is, certainly, "based upon the assumption that one must ask households or individuals themselves what they are doing in order to understand how they make sense of their own environment" (Wallace, 2002; 4). In this sense, the design of this study responds to the concern that, at least in the Croatian context, there have been far too few studies of what may be termed 'poverty from below', concerned with "analyses of poor people's experiences of poverty" through 'listening to the voices of the poor' themselves (cf. Narayan et al, 1999; chapter 1).

It is still the case that research on child poverty in Croatia is rather thin on the ground. There have been very few empirical studies, based on original research. However, recently, an important study by Zoran Šućur and colleagues, focused on poverty and child well-being of pre-school children (Šućur et al, 2015), and demonstrated the significant impact of the economic and financial crisis on households with pre-school children and the link between poverty and material deprivation. The methodology of this study, a combination of statistical analysis, surveys of and focus groups with recipients of Guaranteed Minimum Income (GMI), and policy analysis and recommendations, very much informed this current study which focused on households with at least one child of school age. Crucially, given the age range covered, an additional component of this research, described in detail in chapter 3, included a survey of the views of children aged 13 to 17. Another important piece of research was carried out in 2015 and 2016 by Marina Ajduković and colleagues, also funded and supported by Zaklada Adris. The study on 'Indicators of Child Well-being and Child Poverty in Croatia in the Time of Crisis'<sup>1</sup>. Crucially, the research combined and compared the views of children and parents at risk of poverty, experts on the topic, and decision-makers. More descriptive and advocacy pieces, focused on investment in children in Croatia, have also been published (cf. Babić, 2013; Stubbs and Zrinščak, 2014).

In this rather limited research field, then, any new empirical study, however small-scale, is important. In designing the research, the wider team was aware of a sense of crude numbers and rates of child poverty not telling the whole story. In addition, in the context of crisis, the question as to how households manage to survive without there being more public signs of visible poverty, was frequently posed both in scientific and media circles. At the same time, a number of influential voices in the public policy arena, especially in times of austerity, were arguing, often with very little evidence, of the danger of social benefits contributing to 'dependency' and reducing willingness to work, as well as pointing to perceived high levels of welfare fraud and to 'double dipping' in terms of claiming similar benefits at national and local levels. In ideological terms, these arguments follow what Ruth Levitas (2005) has termed a 'Moral Underclass Discourse' which is primarily concerned with what is perceived as the moral and behavioural deviance of those who are living in poverty, forming a distinct 'underclass' with values different from the 'normal' population. In contrast, the

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<sup>1</sup> Presentation from the closing conference of the project can be found at web: [http://www.pravo.unizg.hr/scsr/projekti/zaklada\\_adris?\\_v1=g5AAia5yFuXo4kXUQnTl38g14HuRG33ltJZMINPUVyN4tGRRpuQdkpsW0lZhWDDregg1W-AvXwe6sgCu8rnTdlQT5DN0hmFwb3ohcFot9Qx11Fv&lid=61966](http://www.pravo.unizg.hr/scsr/projekti/zaklada_adris?_v1=g5AAia5yFuXo4kXUQnTl38g14HuRG33ltJZMINPUVyN4tGRRpuQdkpsW0lZhWDDregg1W-AvXwe6sgCu8rnTdlQT5DN0hmFwb3ohcFot9Qx11Fv&lid=61966) (accessed April 2017).



research here is informed by a focus on a ‘Redistributional discourse’ suggesting that poverty is more a structural phenomenon, the solution to which lies, primarily, in reducing inequality through redistributive measures. Of course, inclusion through paid work, which Levitas terms a ‘Social Integrationist Discourse’, is also important, although not a direct focus of this research. Crucially, our concern with ‘coping strategies’ suggests that a macro-level structural understanding of redistribution needs to be complemented by a micro-level understanding of patterns of redistribution both between and within households.

The original research was formulated in terms of four broad questions:

1. What are the most important **trends** and **causes** of risk of poverty amongst households with children in Croatia?
2. What are the most important **strategies for coping with poverty**, asset use, and intra- and inter-household distributional strategies developed by different types of households?
3. How do **different public policies** impact on poverty in different types of household?
4. **What public policies need to be developed** to support positive coping strategies and reduce the risk of child poverty?

The research has been genuinely inter-disciplinary, utilising insights from economics, sociology, social policy and social work. Throughout, the commitment has been to utilise a combination of quantitative and qualitative methods. We share a view that:

“Studies of families under stress are a particularly good example of the ways in which qualitative and quantitative approaches can be combined to provide a better understanding of developmental approaches than can either approach on its own. ... Quantitative and qualitative approaches do not simply offer alternative ways of measuring and understanding reality. Rather, their combination provides a more complete picture of family structures, processes, and relationships. Furthermore, each approach can inform and complement the other through the examination of basic assumptions, theoretical models, and new constructs.” (IOM and NRC, 2011; 27 – 28).

What follows is a report which discusses each of the research questions in turn. Chapter 2 explores household survey data on poverty and child poverty in Croatia in a broader European and European Union perspective. Chapter 3 presents the results of a survey of over 200 adult household heads who, as recipients of social assistance, termed Guaranteed Minimum Income (GMI), are highly likely to be at risk of poverty, together with a survey of almost 100 children aged between 13 and 17. Chapter 4 deepens the results of the survey through selected quotes from focus groups and individual interviews with adults surveyed, in four different parts of Croatia. Chapter 5 discusses the implications of the study for public policy, makes recommendations for policy changes and sets out an agenda for future research.

As should be clear from the focus on policy change, we make no apologies for the fact that this research is not detached scientific work. Rather, it is a contribution to advocacy efforts to raise awareness of child poverty and exclusion and to strengthen campaigns to challenge it. The methodology has also been, to the greatest extent possible, participatory. In the initial stages of the research, a consultative round table was held at the Institute of Economics, Zagreb on 18 March 2016, attended by 35 stakeholders including researchers, child rights advocates, NGO representatives and policy makers. This allowed for important feedback to be incorporated into the survey which was carried out in May and June 2016. A final conference, presenting the findings of the research, was held at the Institute of Economics, Zagreb on 21 March 2017, attended by over 50

people, allowing us to incorporate a number of comments, notably in relation to policy proposals, into the final research report presented here.

Even as designed as a relatively small-scale, relatively short-term, research project, the research proved to be over-ambitious in its scope and faced a number of unpredictable obstacles. Crucially, although having been approved as passing ethical standards in relation to data protection, a request to the Croatian Pension Insurance Institute to have access to a database of recipients of child benefits was declined on the grounds that this would create additional work for staff of the Institute. Our intention to have two samples, one of recipients of guaranteed minimum income, most of whom we surmised to also be receiving child benefits, and one of recipients only of child benefits, having different asset- and means-tests, proved not to be possible. In addition, delays in beginning the survey work forced us to abandon plans to visit a small number of households twice during the study. Time constraints also conspired to work against us obtaining detailed information on time use and spending and consumption patterns of a small number of households. These would be important considerations to build into future research. In addition, the research pays too little attention to gender differences and gender-based roles within households. Those who commented that the gender division of labour within households would be difficult to research proved correct; although the fact that the vast majority of survey respondents were female is itself an indication of perceived gendered roles and responsibilities. Mainly as a result of the small sample size, we have not been able to take sufficient account of the role of disability or the significance of belonging to a minority ethnicity as much as we would have liked, although one of the Focus Groups consisted mainly of members of the Roma minority. We urge others to take these issues forward in future research.

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## CHAPTER 2 - Analysis of Child Poverty in Croatia in the Context of EU/EFTA countries

### 2.1 Introduction<sup>2</sup>

There are many reasons why the well-being of children is important in any society. Firstly, the current well-being and prosperity of children affects future economic development as well as their lives as adults. Furthermore, children are citizens with their own rights, one of which is, according to the Convention on the Rights of the Child, that they do not live in poverty. It is therefore important to understand the current living conditions of children, so that we can grasp their needs and act appropriately in terms of policies affecting the early stages of a child's development. Entering into poverty at an early stage of life results in significant negative consequences to children's accomplishments at a more mature age. Given the importance of the problem of child poverty and the fact that the subject has not been adequately researched in Croatia, the analysis presented in this paper becomes even more important.

An important mediating link between wellbeing in childhood and that at an adult age is determined by educational outcomes. Early childhood experiences and conditions in the household significantly impact the outcomes of education at later stages of life (Bladnen and Gregg, 2004; Machin, 1988). Additionally, analysing childhood poverty is important since children's future well-being will, to a large extent, depend on the well-being of the families in which they grow up, as well as on the general well-being of their societies. It is precisely for these reasons that children should be protected in societies, given that they are not responsible directly for the actions that will affect their future well-being.

Although there are numerous factors impacting the well-being of individuals, this study focuses solely on the analysis of monetary poverty, i.e., household income is treated as the only factor determining whether or not one is below the poverty line. Since households differ according to the number of members and household structure, the concept of equivalent scales is used, by means of which the total income of a household is recalculated into an equivalent income, thus enabling comparisons of well-being among different household types. In other words, the equivalent scales enable a more balanced determination of the share of each household member in the total income of the household. Accordingly, each household member is allocated his/her part of the total income.

Given the social relevance of childhood poverty, the analysis starts with the percentage of poor children in Croatia in the period from 2010 – 2014, followed by a comparison of the rate of child poverty in Croatia and in other EU and EFTA countries. Although emphasis is placed on the analysis and comparison of child poverty in those countries, comparative indicators between child poverty and the poverty of the entire population will also be presented. Furthermore, the rates of children at risk of poverty in Croatia will also be presented, according to key demographic and socio-economic characteristics of children and their households. Our results corroborate findings of earlier research on childhood poverty in Croatia (see Šućur et al. 2015) and in other countries (see Ritakallio and Bradshaw, 2006), which suggest that children living in households with a higher number of children, households with low levels of employment and households where parents have lower levels of education are at the highest risk of poverty.

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<sup>2</sup> This chapter is based on data from Eurostat, EU-SILC 2010 – 2014. The responsibility for all conclusions drawn from the data lies entirely with the authors.

Since there are different factors influencing child poverty, we can analyse the probability of certain groups of children with specific demographic and socio-economic characteristics finding themselves below poverty lines. The analysis will show that depending on the demographic and socio-economic characteristics and the characteristics of their households, that children will have a different probability of being poor. This type of analysis is significant for the design of public and social policies, as determining the characteristics of households and children that are potentially at a higher risk of poverty enables targeting those key characteristics by means of policy instruments to decrease poverty.

Aside from determining the number of children below poverty lines, it is also important to establish the longevity of poverty, i.e. whether poverty risk is short-term or long-term. Children living in poverty for shorter periods of time also have a smaller risk of finding themselves in poverty again. Long-term poverty risk causes more significant negative consequences for the child's future development, including their development in later stages of life. The long-term child poverty and population poverty rates for Croatia and other countries will be shown in reference to 2013, since this is the only year that longitudinal data<sup>3</sup> by EU-SILC (used to calculate the rate of long-term poverty) is available for Croatia. According to the long-term poverty rate, Croatia is among the countries with the highest rates of long-term child poverty as well as the poverty of the population as a whole.

By using longitudinal data that enabled tracking the same children in the period 2010 – 2013, we wanted to establish how many children in Croatia spend one, two, three or even four years in poverty. According to the percentage of children that spend a year in poverty, Croatia is alongside some economically more developed countries, yet the percentage of children spending all four years in poverty places Croatia in the group of countries with the highest rates. We will also analyse the dynamics of child poverty rates in Croatia, i.e. attempt to forecast the probability that children currently living in poverty will leave poverty in the next year (or at a later period), as well as the probability that currently non-poor children will enter into poverty in the next year (or a later period).

The structure of this chapter is as follows: in the second part the methodological framework for analysing poverty is briefly discussed; the third part presents comparisons of the average equivalent income of children and the population in countries as well as comparisons of the equivalent income growth rates among countries. Part four presents the comparisons of child poverty and population poverty rates among countries, followed by the children at risk of poverty rates in Croatia and the profiles of poor children in Croatia. Part five presents the comparative long term child and population poverty rates in countries, as well as the dynamics of child poverty in Croatia, followed by the presentation of the results of the longevity of child poverty in different countries. The final part discusses conclusions.

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<sup>3</sup> Longitudinal data are often used in social sciences since they provide information on various (e.g. demographic and socio-economic) characteristics of individuals tracked during a relatively long period.

## 2.2 Poverty indicators and source of data

The analysis of poverty indicators will be based on the concept of relative poverty, meaning that we are using information on disposable household income,<sup>4</sup> size and structure of the household (number and age of household members) and the distribution of income among the population. Given that households differ according to the number of members and structure, there is a need to determine the amount of income which depicts differences in well-being uniformly, regardless of the household structure. This amount of income is termed the disposable equivalent income assigned to each household member in the same amount. The disposable equivalent income of each household is calculated by dividing the total income by the equivalent size of the household. In this calculation, size is determined according to the modified OECD scale, whereby the head of the household is assigned a coefficient of 1, each household member aged 14 or more is assigned a coefficient of 0.5, while children below 14 are assigned the coefficient of 0.3. One should bear in mind that using a different equivalent scale from the modified OECD scale would result in a different equivalent size of the household, and significantly impact the results in terms of a certain poverty indicator. The at-risk-of-poverty threshold is in line with the Eurostat methodology, whereby a person is considered to be poor if their income is less than 60% of the median equivalent income of all households in a country. This is often termed 'relative poverty' to distinguish it from 'absolute poverty' determined by a minimum level of income needed for basic subsistence.

In order to analyse child poverty in Croatia, we used the Statistics on Income and Living Conditions (EU-SILC), which is in line with EU directives and Eurostat (the EU's Statistical Office) methodology. The EU-SILC data enable researching and comparisons of available equivalent incomes, as well as indicators of poverty at the level of member- and some non-member states (Iceland, Norway, Switzerland). The data are available at the level of private households and at the level of individuals randomly selected in the sample. Thus, they enable generalisations at national level for each country. Given the different goals of our research, we used both versions of EU-SILC data - cross-sectional for the period 2010 – 2014 and longitudinal for 2013. Cross-sectional data refer to a specific time or period and contain information on income, poverty, social exclusion and other living conditions, while longitudinal data depict changes at the level of an individual through time, tracked periodically over a four-year period.

The cross-sectional data will be used for comparing equivalent incomes, for equivalent income growth rates, for calculating the rate of relative poverty and to analyse the composition and characteristic of children at-risk-of-poverty in Croatia. Longitudinal data enable tracking same households through time, thus we can research how the wellbeing of these households changed through time. Furthermore, the mentioned data are important as they enable finding out whether long term child poverty exists in Croatia, how many years children spend in poverty as well as the dynamics of poverty in a certain period. Since cross-sectional data for Croatia is available only for the period 2010 – 2014, while longitudinal are available only for the period 2010 – 2013, we were unable

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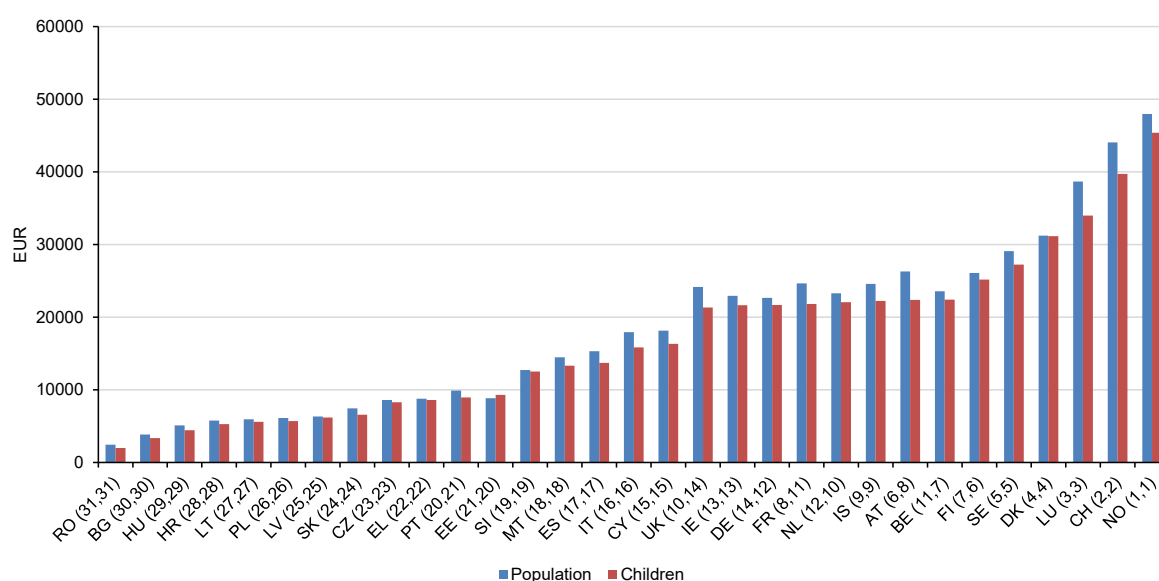
<sup>4</sup> The total income at disposal in a household refers to the net monetary income, and includes income deriving from employment, self-employment, pension, income from assets, social transfers and transfers that the household receives from persons outside the household.

to use more recent data. It should also be mentioned that the reference period for data on income is the previous calendar year<sup>5</sup>, while for other variables, the reference period varies.

## 2.3 Comparisons of average equivalent income among countries

The average equivalent incomes of children and population for 2014 are depicted in Figure 2.1. For the purposes of this analysis, children are all persons below the age of 18. The picture depicts real incomes derived by the use of the consumer price index, where the baseline year is 2015. Furthermore, income is presented as annual in EUR (€). Next to the name of each country, the ranking according to the average income of the population (first number in parenthesis) and the ranking according to the average income of children (second number in parenthesis) of the country is shown. Evidently, there are significant differences among countries. With a few exceptions, countries generally maintain the same ranking according to the average income of the population and the average income of children. Croatia is among the countries with the lowest incomes of both population and children in 2014. In that year, the average equivalent income of the population in Croatia was €5,784, while the average equivalent income of children was €5,288. Lower incomes of the population and children were recorded only in Romania, Bulgaria and Hungary, while all other countries had higher levels of income. Since this paper will mostly use the relative poverty indicator, based on the calculation of the poverty threshold placed at 60% of the median equivalent income, such comparisons of equivalent incomes between countries are important in order to depict an image of different levels of equivalent incomes below which individuals are considered to be poor.

**Figure 2.1. – Average equivalent income of population and children, year 2014**



*Note: Authors' calculations based on EU-SILC data.*

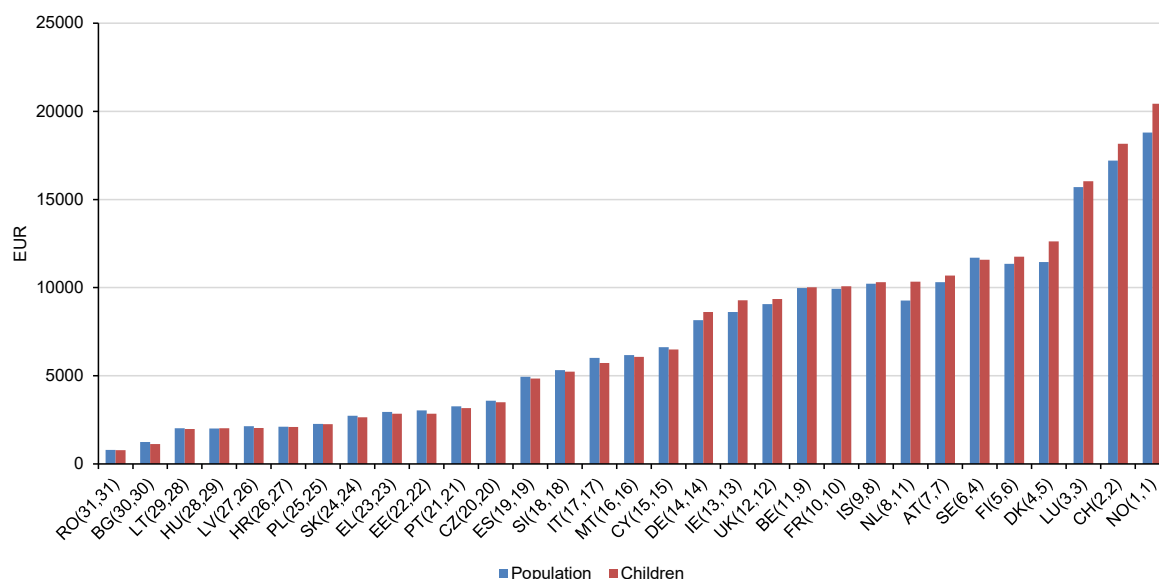
Figure 2.2 depicts the average equivalent income among the poor population and poor children in 2014. Again, countries differ significantly. The amount of equivalent income of the poor population and poor children is quite uniform within each country, as a consequence of the fact that the

<sup>5</sup> The exception from this rule is the United Kingdom, where the reference year for income is the current year in which the survey is conducted, as well as Ireland where income data are gathered for 12 months prior to the survey.



equivalent income is the result of income distributed evenly among household members. Croatia is among those countries with the lowest incomes among the poor population and poor children. The average disposable equivalent income in Croatia in 2014 was €2,108 for the population at-risk-of-poverty and €2,095 for children at-risk-of-poverty. All countries, apart from Romania, Bulgaria, Lithuania, Latvia and Hungary had higher incomes among the poor population than Croatia, while all countries apart from Romania, Bulgaria, Lithuania and Hungary had higher incomes of poor children than Croatia.

**Figure 2.2: Average disposable equivalent income of the population at-risk-of-poverty and children at-risk-of-poverty, 2014**



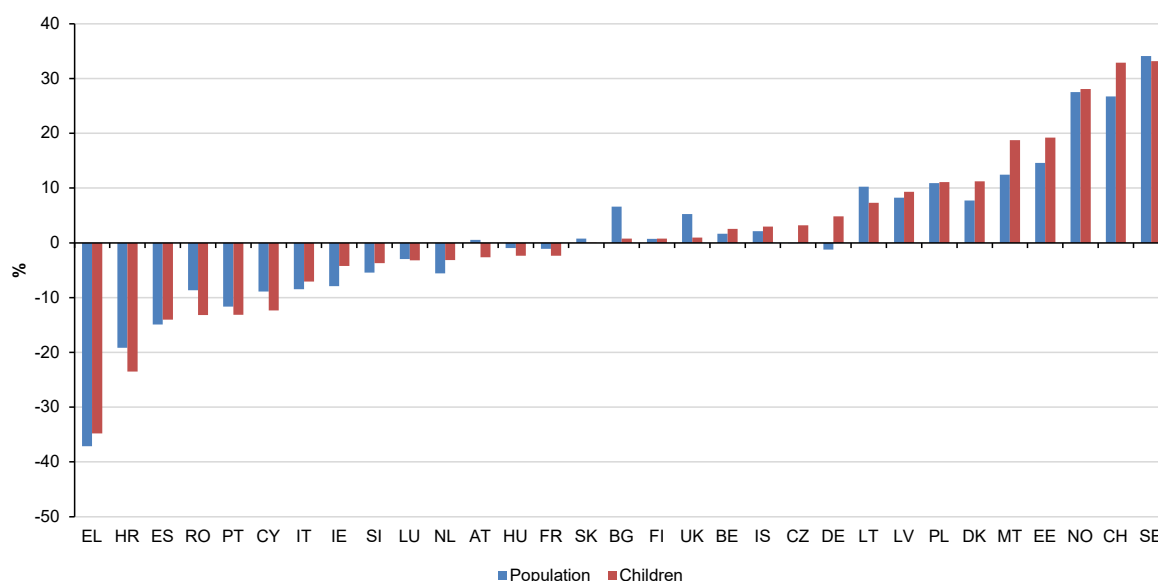
*Note: Authors' calculation based on EU-SILC data.*

## 2.4 Comparisons of average growth rates of equivalent income among countries

While analysing poverty indicators in a certain period, it is useful to see whether there has been a change in the disposable equivalent income in the observed period, in order to determine whether the living standard (well-being) in a given country changed. Figure 2.3 shows the cumulative rate of change of the disposable equivalent income in the period 2010 – 2014. Roughly half of the countries in the sample recorded negative growth rates, while the other half observed positive growth rates of the equivalent income of the population and of children. With the exception of Austria and Germany, the growth rate of the equivalent income for the population and for children follows the same direction in all countries. The largest decrease of the equivalent income for both the general population and children occurred in Greece (37.15% and 34.82% respectively). Following Greece, the largest decrease was observed in Croatia. The average disposable equivalent income of the population decreased by 19.17% in Croatia (on average 4.79% per year), while the income of children decreased by 23.48% (on average 5.87% per year). Thus, the income of children in Croatia in the observed period decreased more than the real income of the entire population. The biggest increase of the average equivalent income of the population and of children was recorded in Norway (27.50% and 28.09% respectively), Switzerland (26.74% and 32.88% respectively) and Sweden (34.10% and 33.15% respectively).



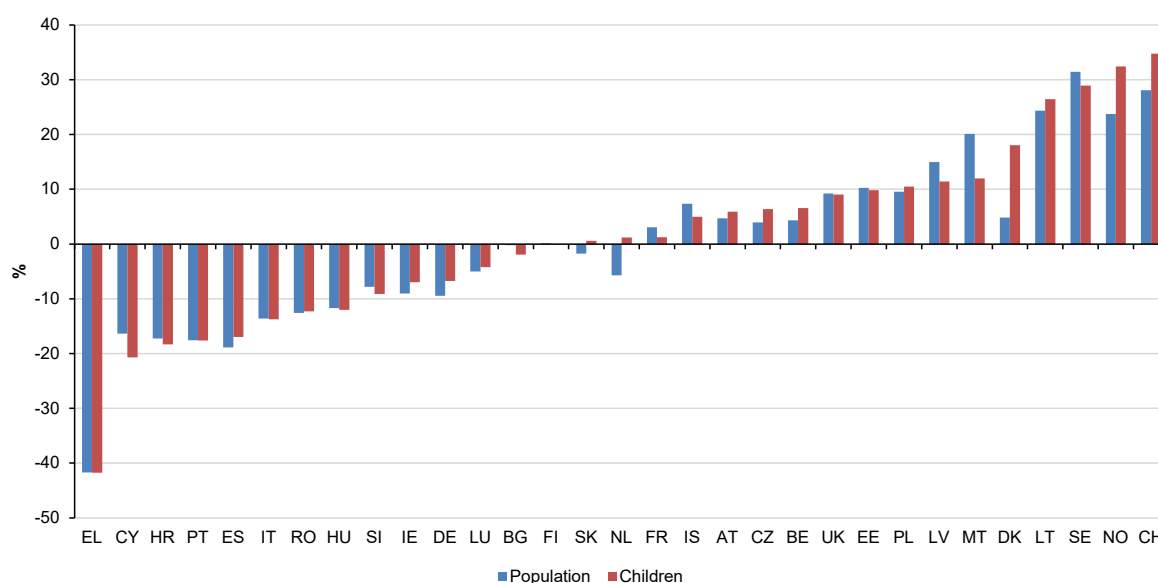
**Figure 2.3. Growth rate of the average income of the population and of children, 2010 – 2014**



*Note: Author's calculation based on EU-SILC data.*

Apart from the average growth rate of equivalent income of the population and children, it is also useful to analyse the growth rates of equivalent income of the poor population and poor children (Figure 2.4). We can observe that all countries that recorded a decrease in income among the poor population also recorded a decrease in income among the poor children (apart from Slovakia, Finland and Holland). The largest decrease of equivalent income among the poor population occurred in Greece (47.71%), Spain (18.90%), Portugal (17.57%) and Croatia (17.25%). The biggest growth of average income among the poor population was in Sweden (31.46%), Latvia (24.35%), Switzerland (28.10%) and Norway (23.72%). When it comes to poor children, the largest decrease occurred in Greece (41.76%), Cyprus (20.69%), Croatia (18.32%) and Portugal (17.62%). On the other hand, poor children's average equivalent income increased most in Switzerland (34.78%), Norway (32.43%), Sweden (28.91%) and Latvia (26.44%). Thus, the income of the poor population and poor children in Croatia decreased by a similar intensity. Additionally, the real income of the poor population and poor children in Croatia decreased less than the real income of the total population and the total child population, suggesting that 'locked in' social transfers were, to some extent at least, effective in reducing the effects of the crisis on those at risk of poverty.

**Figure 2.4. Growth rate of the average income of the population at risk of poverty and children at risk of poverty, 2010 – 2014**



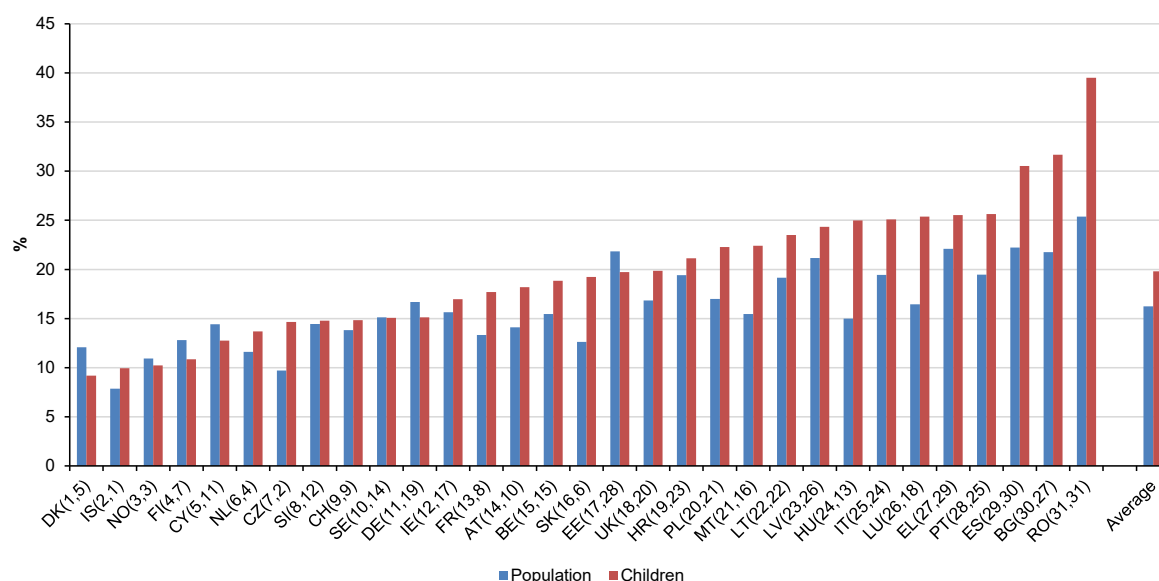
*Note: Authors' calculations based on EU-SILC data.*

## 2.5 Comparisons of child- and population poverty rates among countries

The most important factors influencing child poverty include the status of parents on the labour market, connected to the parents' level of education. Additional factors include the structure of the household as well as the effectiveness of the state to provide necessary services and ensure financial assistance to households in order to avoid or exit poverty, by means of social policy instruments. Population and child at risk of poverty rates in 2014 are presented in Figure 2.5. Persons below 60% of the national median of disposable equivalent income (poverty threshold) are considered at risk of poverty.

In 2014, the median disposable equivalent income in Croatia amounted to €5,212, while the median disposable equivalent income calculated by adding all countries in the sample (adding all incomes of individuals in the sample) amounted to €15,675. We can observe that at risk of child poverty rates are higher than the at risk of poverty rates of the population in most countries, including Croatia. The average population poverty rate for all countries in the sample is 16.2%, while the average child poverty rate is at 19.8%. In Croatia, the child poverty rate is 21.1%, while that of the population as a whole somewhat lower, at 19.4%. Thus, according to the at risk of poverty rate of the general population and children, Croatia is above average.

**Figure 2.5 – Population and child at risk of poverty rates, 2014**

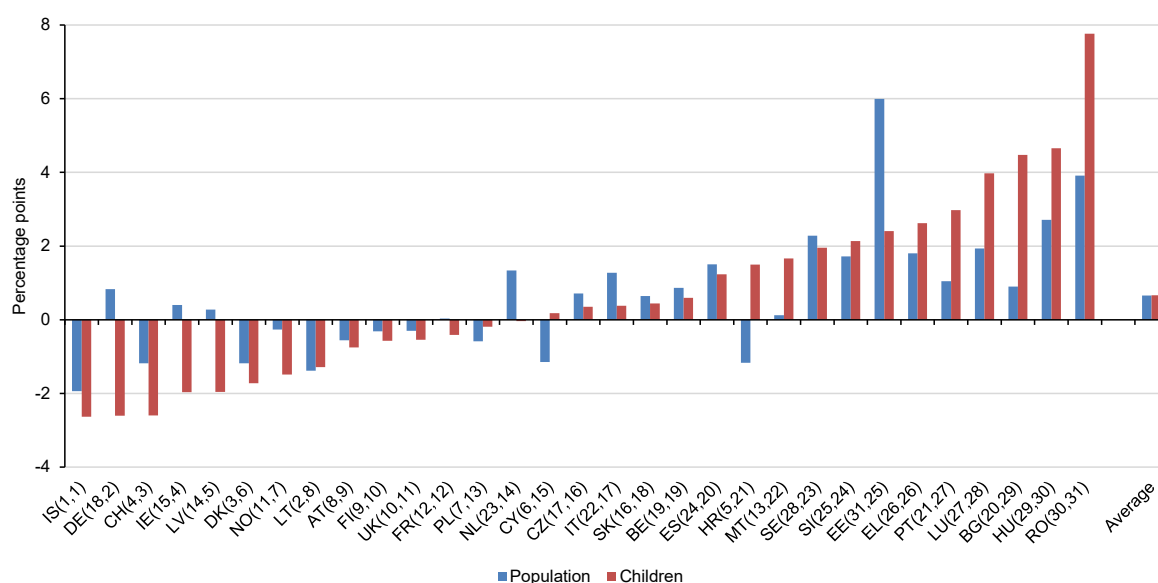


*Note: Authors' calculation based on EU-SILC data.*

Countries with the lowest population poverty rates are Iceland (7.9%), Czech Republic (9.7%) and Norway (10.9%), while the highest population poverty rates are in Greece (22.1%), Spain (22.2%) and Romania (25.4%). Child poverty rates are lowest in Denmark (9.2%), Iceland (10.0%) and Norway (10.2%) and highest in Spain (30.5%), Bulgaria (31.7%) and Romania (39.5%). In Romania, for more than 1/5 of the population, the disposable equivalent income is below the poverty threshold, while 2/5 of children's income is below the poverty threshold. On the other hand, in Norway only 1/10 of the population and children are below the poverty threshold. We also observe that differences in poverty rates among countries are higher for child poverty rates than for the national poverty rates. For example, the highest absolute difference in the population poverty rate is between Romania and Iceland, amounting to 17.5%, while the highest absolute difference in child poverty rate is between Romania and Denmark, and amounts to 30.3%.

Absolute differences between population- and child at risk of poverty rates in the period 2010 – 2014 are depicted in Figure 2.6. Absolute differences in population- and child at risk of poverty rates are significantly different among countries, as are absolute changes between population and child poverty rates within countries. In 2014, the population poverty rates decreased in 11 countries, and child poverty rates decreased in a total of 14 countries. Countries with the biggest decrease in population poverty rates are Iceland (-1.94%), Latvia (-1.38%) and Denmark (-1.19%), while countries with the highest increase of population poverty rates include Greece (5.99%), Romania (3.91%) and Hungary (2.71%). In Croatia, the population poverty rate between 2010 and 2014 decreased by 1.17%. The largest decrease in child poverty rates are observed in Iceland (-2.63%), Germany (-2.60% pp) and Switzerland (-2.59%). The highest increase in child poverty rates occurred in Bulgaria (4.47%), Hungary (4.65%) and Romania (7.76%). In Croatia, the child at risk of poverty rate increased between 2010 and 2014 by 1.50%, which is higher than the average (0.66%) of all countries in the sample.

**Figure 2.6 – Absolute differences in population and child at risk of poverty rates in the period 2010 – 2014**



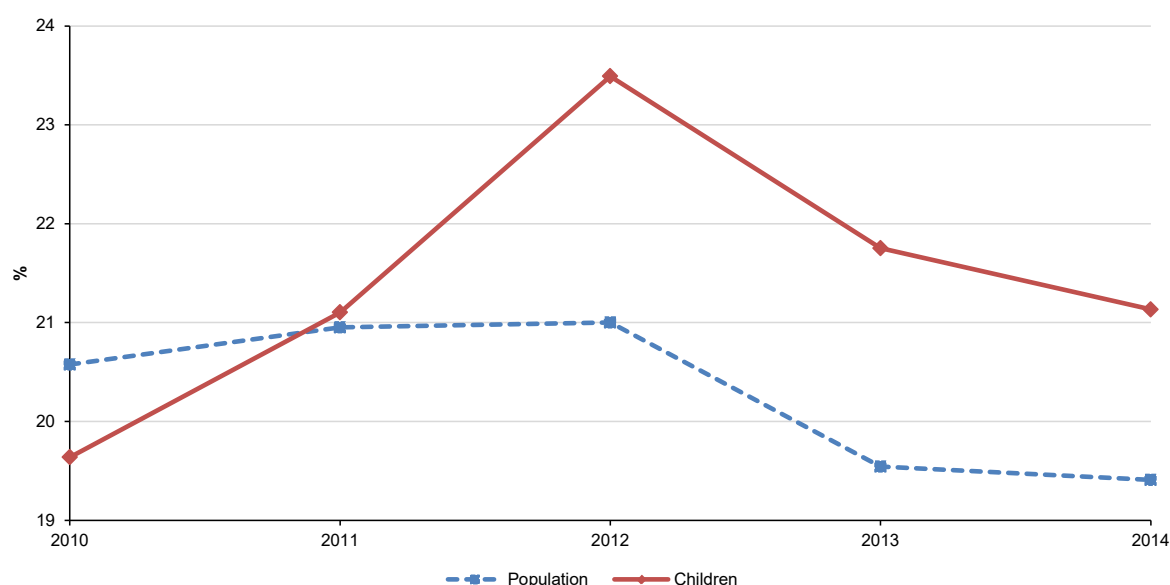
*Note: Authors' calculation based on EU-SILC data.*

## 2.6 Child and population at risk of poverty rates in Croatia in the period 2010 – 2014

The relative child and population at risk of poverty rates in Croatia in the period 2010 – 2014 are presented in Figure 2.7. In 2010, the child poverty rate was smaller (by approx. 1 percentage points) than the population poverty rate. In 2011, there is almost no difference between child (21.0%) and population poverty rates (21.1%), while after 2011 child poverty rates are continuously higher than population poverty rates. In 2014, the child at risk of poverty rate was 1.5 percentage points higher than that of the population. After 2012, the child poverty rate began to decrease until the end of the observed period, indicating that after 2012 children experienced an increase in well-being which was relatively higher than the increase in well-being of other social groups. Additionally, we can observe that the population poverty rates, after 2011 until the end of the observed period, decreased.

However, in order to comprehend fully the poverty rates, apart from the relative poverty rate, set at 60% of the median income, one must also take into account the fixed poverty threshold (the relative poverty threshold adjusted in line with the price change in a certain period). The fixed poverty threshold monitors changes in real living standards at a certain period. The shortcoming of the relative poverty threshold is evident in the fact that the result of such a threshold will be influenced by changes in the income distribution in a country. It is therefore necessary to also take into account changes in median or average incomes in the period observed.

**Figure 2.7. – Population and child poverty rates in Croatia in the period 2010 – 2014**



*Note: Authors' calculations based on EU-SILC data.*

From Table 2.1 (below) we can see that the median disposable equivalent income of the population and of children was decreasing up until 2013, followed by an increase in 2014. Furthermore, the decrease of the median equivalent income of children was more significant than that of the population. Despite the decrease of the median disposable equivalent income of both children and the population, which lasted until 2013, the relative child- and population poverty rates increased up until 2012. The increase in the relative child poverty rate in the period 2010 – 2012 indicates that the well-being of children decreased more than the well-being of other social groups. On the other hand, if we use the fixed poverty rate (fixed in 2010), we can observe that child poverty rates continuously increased – from 19.6% in 2010 to 33.9% in 2014 (Table 2.2). Thus, according to poverty rates derived by means of fixed poverty threshold, we can conclude that the material well-being of children in the period 2010 – 2014 actually decreased. The fixed poverty rate for the population also indicates that the material well-being of the population decreased, since the poverty rate increased from 20.6% in 2010 to 29.0% in 2014.

**Table 2.1. – average and median equivalent income in Croatia (€, per annum)**

	2010	2011	2012	2013	2014
<b>Population</b>					
Average equivalent income	7155.77	6572.47	6125.65	5814.91	5783.89
Median equivalent income	6277.38	5898.20	5500.27	5075.75	5211.69
<b>Children</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Average equivalent income	6910.03	6243.80	5679.42	5391.72	5287.66
Median equivalent income	6177.73	5640.35	5110.67	4270.96	4798.00

**Table 2.2. – Poverty rates at relative and fixed poverty thresholds in Croatia**

	2010	2011	2012	2013	2014
<b>Population</b>					
Relative poverty threshold	20.6	20.95	21.00	19.54	19.4
Fixed poverty threshold (2010)	20.6	23.10	26.49	28.41	29.0

<b>Children</b>					
Relative poverty threshold	19.6	21.1	23.5	21.8	21.1
Fixed poverty threshold (2010)	19.6	23.9	29.7	31.6	33.9

In order to gain a more detailed insight into child poverty dynamics, we will also include additional variables, including gender, age and certain socio-economic characteristics of their households (Table 2.3). Changes in the relative child poverty rates in 2010 and 2014 are analysed. While male and female child poverty rates were quite similar in 2010, in 2014 the female child poverty rate increased by 2.7 percentage points, amounting to 22.5%. The male child poverty rate in 2014 was 19.9%, an increase of 0.4 percentage points in comparison to 2010. According to age, child poverty rates indicate that older children have a higher poverty rate in both years. In 2014, the child at risk of poverty rate for children aged 0-6 was 17.8%, while for those aged 15-17 it was 27.3%.

The at risk of poverty rates for children are not distributed evenly among households with a different number of dependent children, i.e. as the number of children increases, so does the child poverty rate.

**Table 2.3. – At risk of child poverty rates in Croatia**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Children (0-17)</b>	19.6	21.1	23.5	21.8	21.1
<b>Sex</b>					
Male	19.5	20.3	22.2	20.5	19.9
Female	19.8	21.9	24.8	23.1	22.5
<b>Age groups</b>					
0 – 6	16.3	20.5	21.0	20.0	17.8
7 – 14	21.0	21.4	25.4	22.6	21.1
15 – 17	22.3	21.5	23.5	23.1	27.3
<b>Number of children in household</b>					
1	16.3	15.2	17.0	15.8	17.4
2	18.6	19.4	20.2	19.8	14.4
3	22.1	26.4	30.5	24.7	26.6
4+	28.7	34.9	39.5	41.1	51.7
<b>Type of family</b>					
Single parent	25.3	31.1	31.3	26.6	23.1
Two parents	19.0	20.2	22.7	21.3	20.9
<b>Number of employed and type of employment</b>					
At least two persons working full time	3.6	5.1	3.5	4.7	4.3
One person working full time	23.4	23.4	28.5	27.2	23.8
No employed persons	57.2	73.0	75.9	64.9	68.1
<b>Population Density</b>					
Densely populated	11,2	12,7	14,5	14,9	13,2
Medium-density	9,5	16,0	17,9	19,3	18,0
Sparsely populated	29,3	28,1	30,0	26,7	26,6
<b>Highest education level in the household</b>					
Low level	68,8	67,9	72,8	59,1	54,6
Mid level	19,3	21,5	23,0	22,1	22,6
Higher level	6,7	6,7	6,4	8,6	6,8

Children living in households with 4 or more children were at the highest risk of poverty (28.7% in 2010 and 51.7% in 2014). The poverty risk rates were lowest in households where there are no underage siblings, and amounted to 16.3% in 2010 and 17.4% in 2014. Children living in single parent

families are at a higher risk of poverty in comparison to those living with two parents. The differences in child poverty rates are especially evident taking into account the number of employed household members. Since income from employment is one of the most important sources of income for most households, the child poverty rate will be strongly influenced by the type of working status and type of employment of household members. The risk of child poverty was lowest for children living in households where at least two persons worked full time (3.6% in 2010 and 4.3% in 2014). Approximately a quarter of children living in a household where only one person works full time were at risk of poverty. High child at risk of poverty rates were recorded in instances when there were no employed persons in the household (52.7% in 2010 and 68.1% in 2014). According to population density, children in sparsely populated areas are at higher risk of poverty than those living in densely populated areas (cities).

The level of parents' education has a significant influence on child poverty risk. Furthermore, the parents' education level influences their position in the labour market, i.e. the type of work they do. Child poverty rates significantly decrease as parents' education level increases. In households where the highest education level was "low"<sup>6</sup>, the at risk of child poverty rate was 54.6% in 2014. Thus, one in two children living in such households in 2014 was poor. Approximately ¼ of children were below the poverty threshold in households where the highest level of parental education was "mid level". The lowest at risk of child poverty level was in households where parents had a higher level education – 6.8% in 2014.

## 2.7 Structure of child poverty in Croatia in the period 2010 – 2014

Since child poverty rates can differ according to different socio-economic characteristics of children and their households, what follows is an analysis of the profiles, i.e. composition of poor children according to the above mentioned characteristics. The results are presented in Table 2.4. It is evident that among children at risk of poverty there are more boys than girls (in 2014 52.4% of poor children were boys and 47.6% were girls). According to age, approximately one in two poor children are aged 7 – 14, and one in four are either aged 0-6 or 15 – 17.

**Table 2.4. – Composition of children at risk of poverty in Croatia in the period 2010 – 2014**

	2010	2011	2012	2013	2014
<b>Children (0-17)</b>	15.6	15.8	16.2	15.3	15.4
<b>Sex</b>					
Male	54.0	54.6	52.9	53.3	52.4
Female	46.0	45.4	47.1	46.7	47.6
<b>Age groups</b>					
0 – 6	25.1	27.1	26.6	27.5	27.2
7 – 14	50.4	49.2	48.6	46.5	43.1
15 – 17	24.5	23.7	24.7	26.0	29.6
<b>Number of children in household</b>					
1	23.2	23.3	23.4	24.7	25.2
2	42.0	37.7	37.1	39.1	33.6
3	18.8	25.6	26.8	23.2	27.9
4+	16.1	13.4	12.7	12.9	13.3

<sup>6</sup> Persons with a „low“ level of education are those who had no elementary, some elementary or finished elementary level education. Persons with „mid“ level education are those who finished high school, while persons with „higher level“ education are those with university level degrees, including post graduate (masters or PhD).

<b>Type of family</b>					
Single parent	11.5	12.0	12.0	14.3	12.9
Two parents	88.5	88.0	88.0	85.7	87.1
<b>Population density</b>					
Densely populated	15.0	17.2	13.1	11.6	11.5
Medium-density	10.1	16.6	14.8	23.9	24.3
Sparsely populated	74.9	66.1	72.2	64.5	64.2
<b>Highest education level in the household</b>					
Low level	23.9	19.2	22.0	19.9	18.7
Mid level	67.3	73.2	71.5	71.0	73.3
Higher level	8.8	7.7	6.4	9.1	8.0

As already mentioned, households with a higher number of children were at a greater risk of poverty in comparison to households with a smaller number of children. The relative child poverty rate in households with three children in 2014 was 53% higher than the child poverty rate in households with only one child (or households where there are no underage siblings). In 2014, one in four poor children lived in a household without under age siblings, one in three lived in households with two children, 28% of poor children lived in households with three children and 13% in households with four or more children. According to family type, single parent families are at a somewhat higher risk of poverty than families with two parents. Of the total number of poor children in 2014, 13% lived in single parent families and 87% lived in families with two parents. This suggests that it is important for public policy not just to focus on at-risk-of-poverty rates within certain categories of population but also to look at the proportions of those at risk belonging to different categories; in other words, whilst poverty risk may be low amongst certain groups in the population, this may still mean that a significant proportion of children at risk of poverty come from those groups.

Further, the relative child poverty rate is significantly higher in sparsely populated areas in comparison to densely populated areas. Thus, for example, in 2014, the relative child poverty rate was twice as high in sparsely populated areas than in densely populated areas. Of the total number of poor children in 2014, 64% lived in sparsely populated areas, 24% lived in mid-density areas, while 12% lived in densely populated areas. Apart from the employment status of parents and other adults in the household, one of the important causes of child poverty is the parents' level of education. Children whose parents have the lowest levels of education are at the highest risk of poverty, and conversely, children whose parents have highest levels of education are at smallest risk of poverty. Children living in households where the highest education level of parents is "low" make up 19% of the total number of poor children; children whose parents have a "mid-level" education make up 73% of the total number of poor children, while children whose parents' education level is "high" amount to 8% of the poor children.

## 2.8 Comparisons of long term child- and population poverty rates among countries

Knowing the characteristics of persons living in long term poverty and knowing the mechanisms influencing entering into and exiting from poverty are important information for policy makers in order to decrease poverty risk by means of social policies. Thus, persons in long term poverty risk, as well as persons entering or exiting poverty deserve special attention at times when poverty reduction policies are designed. Focusing just on one indicator taking into account individuals in poverty in a certain moment in time does not necessarily account for the entire picture regarding the



distribution of poverty in a social group. Thus, we are interested in whether people below the poverty threshold in a certain period have been at risk of poverty for a long time, or temporarily.

Negative effects of long term poverty risk on the well-being of individuals can be considered more dangerous than the negative effects of short term poverty risk. Long term poverty can have negative effects in terms of stigmatization; break up of relationships within families or between partners, as well as negative effects on children growing up. Children living in households that are in long term poverty can have a limited personal development.

In order to calculate the rate of long term poverty risk, we need to define when people are considered to be in long term poverty. One of the (simpler) ways for determining long term poverty risk is by counting the number of periods in a certain time-frame in which the income of an individual was below the relative poverty threshold. However, in this analysis we use the Eurostat's definition of long-term poverty risk according to which the rate of long term poverty is determined by the percentage of people who are currently poor who have been poor in the last two of the three observed years. Such a definition of poverty enables us to identify individuals living on low income for a longer period, as oppose to those currently at risk of entering poverty. The results indicate that long term poverty risk rates are lower than the rates of current poverty. Furthermore, results indicate that some countries with a high level of current poverty also have high levels of long term poverty risk.

There are different mechanisms that explain why certain people are more prone to finding themselves in long term poverty. One explanation is based on the fact that people in long term poverty have certain characteristics that lead to poverty. Some of these characteristics are observable (low levels of education, lower likelihood for employment, health issues), while others are opaque (lack of skills, lack of motivation). The second mechanism refers to the poverty trap, which says that persons that are currently poor have a higher probability of remaining poor in the upcoming period. It needs to be noted that an empirical assessment on whether long term poverty risk is the effect of opaque characteristics of individuals or a cause-effect of the poverty trap is not a trivial task, and needs further research.

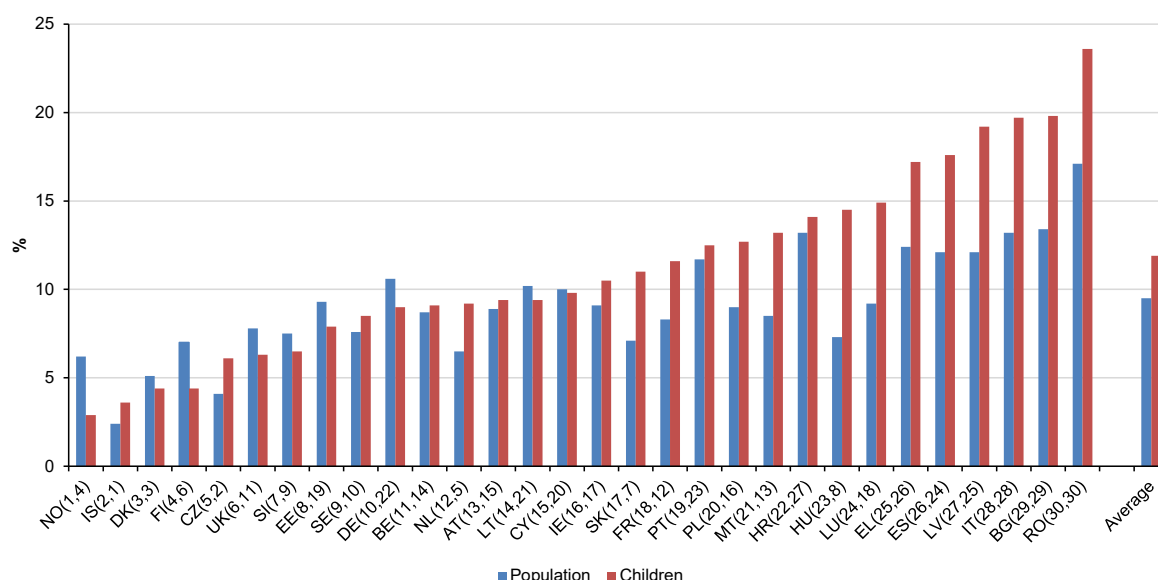
It is also important to analyse which personal and other characteristics of the household significantly increase the risk of long term poverty. The results indicate that single parent households, households without employed people, and retired people have a significant risk of long term poverty. In terms of policy solutions for poverty reduction, the results further indicate that characteristics of people that are currently poor could be very different from the characteristics of those who have been poor for a long time. For instance, certain social groups who are at risk of entering poverty in a certain period (risk caused by unemployment, single parents) do not have a significant risk of entering long term poverty. On the other hand, some social groups (e.g. pensioners) have a significant risk of long term poverty (due to lack of change in income levels) and at the same time have below average risk of entering periods of poverty (current poverty).

We can now analyse long term poverty rates of the population and children<sup>7</sup> as measured in 2013, and presented in Figure 2.8. It is evident that long term at risk of child poverty rates are higher than long term population at risk of poverty rates in most countries. On average, long term child poverty rates are higher by 2.4 percentage points. In Croatia, in 2013, the long term population poverty rate

<sup>7</sup> The data presented are based on calculations made by Eurostat, and are available at: <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&pcode=tessi022&language=en>

was 13.2% while for children it amounted to 14.1%. Long term poverty rates for both the population and the children are significantly higher than the average long term poverty rates of all countries in the sample - 9.5% for the population and 11.9% for children.

**Figure 2.8. Long term population- and child at risk of poverty rates (based on Eurostat data), year 2013**



Note: Figure based on Eurostat calculations; available at:

<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&pcode=tessi022&language=en>

Hungary (14.5%), Luxemburg (14.9%), Greece (17.2%), Spain (17.6%), Latvia (19.2%), Italy (19.7%), Bulgaria (19.8%) and Romania (23.6%) have higher rates of long-term child poverty than Croatia, whereas at the level of the population higher rates in comparison to Croatia are observed in Italy, Bulgaria and Romania. Countries with lowest child- and population long term at risk of poverty rates include Denmark (children 4.4%, population 5.1%), Iceland (children 3.6%, population 2.4%) and Norway (children 2.9%, population 6.2%).

## 2.9 Entering and exiting poverty in Croatia

Longitudinal data allow us to analyse the dynamics of poverty rates in a certain period. It is important to note that in the analysis only same individuals present in the entire 2010 – 2013 period are analyzed. We will differentiate between individuals who did not enter poverty and individuals who remained poor in the entire observed period as well as individuals who entered poverty and those that exited poverty in the final year observed. The dynamics of poverty will be analyzed for the population as a whole and for children. We will analyse single year transitions between 2010 and 2011 and three year transitions between 2010 and 2013.

The results of the analysis are presented in Table 2.5. We begin with single year transfers between 2010 and 2011. Approximately 30% of the population were at risk of poverty in 2010 and/or 2011. Approximately 12% of the population were poor in one, but not both years (6% of the population entered poverty in 2011, while 6% entered poverty in 2010).

**Table 2.5. – Entering and exiting poverty – population and children in the periods 2010 -2011 and 2010 – 2013 (results in %)**

	<b>2010-2011</b>	<b>2010-2013</b>
<b>Population</b>		
Entering poverty	6.06	7.94
Exiting poverty	6.53	8.89
Remain poor	18.28	15.92
Did not enter poverty	69.13	67.25
<b>Children</b>		
Entering poverty	5.58	8.80
Exiting poverty	6.87	7.51
Remain poor	19.74	19.10
Did not enter poverty	67.81	64.59

*Note: Authors' calculations using EU-SILC data*

On the other hand, 18% of the population were poor in both 2010 and 2011. When it comes to children, approximately 32% were poor in 2010 and/or 2011. 12% of children were poor for at least one year (5% of children became poor in 2011, while 7% entered poverty in 2010, while one in every five children was poor both years).

We now move to the results of the three year transition for the period 2010 – 2013, focusing on those poor in the first year (2010) and the last year (2013) only. Approximately 1/3 of the population was poor in 2010 and/or 2013. Approximately 17% were poor in one, but not both years (8% of the population entered poverty in 2013, while 9% were poor in 2010, but not in 2013). More than 15% of the population were poor in both observed years. Approximately 16% of the population was poor in one of the observed years (9% of children entered poverty in 2013 while 7% of children were poor in 2010, but not in 2013). Almost one in every five children was poor in both years (2010 and 2013).

The results, apart from presenting the dynamics of poverty, can also be analyzed in terms of probability of the population and children entering or exiting poverty, remaining poor or not entering poverty in a certain period. As was the case with the dynamics of poverty, the same individuals present in all years between 2010 and 2013 will be analyzed, including probabilities for single year transfers between 2010 and 2011 and three year transfers between 2010 and 2013.

The results are presented in Table 2.6. The probability for an individual who was below the poverty threshold in 2010 to remain there in 2011 amounts to 74%. The probability of an individual to remain outside poverty in the observed period is 92%. Individuals that were poor in 2010 had a 26% chance of not being poor in 2011, while individuals above poverty thresholds in 2010 had an 8% chance of becoming poor in 2011.

**Table 2.6. - the probability of poverty dynamics for the population and the children in the periods 2010 – 2011 and 2010 – 2013 (results in %)**

	<b>2010-2011</b>	<b>2010-2013</b>
<b>Population</b>		
Entering poverty	8.06	10.56
Exiting poverty	26.32	35.82
Remain poor	73.68	64.18
Did not enter poverty	91.94	89.44
<b>Children</b>		
Entering poverty	7.60	11.99
Exiting poverty	25.81	28.23
Remain poor	74.19	71.77
Did not enter poverty	92.40	88.01

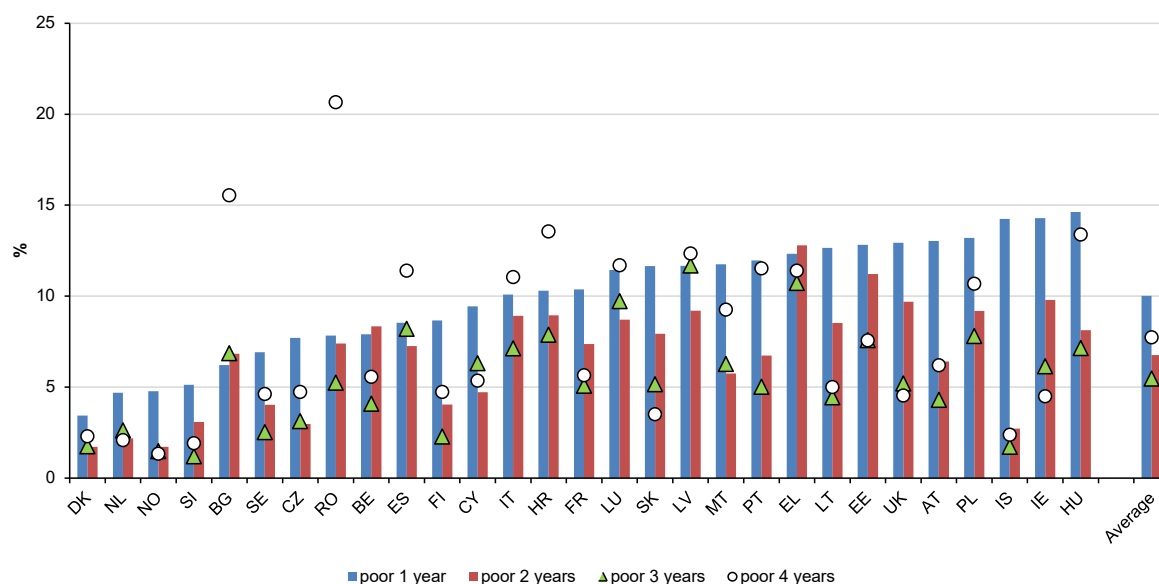
In the case of children, there is also a 74% chance for a child that was poor in 2010 to remain poor in 2011. Similarly, there is a 92% chance that children will remain outside poverty in the observed period. The probability of a child becoming poor in 2011 was 8%, while the probability of the child exiting poverty in 2011 was 25%.

Further, the results also enable an analysis for the three-year transitions between 2010 and 2013. Individuals that were below the poverty threshold in 2010 had a 64% chance of remaining poor in 2013. Those that did not enter poverty in 2010 had a 90% chance of remaining outside poverty in 2013. Individuals that were poor in 2010 had a 36% chance of exiting poverty in 2013, while those who were not poor in 2010 had an 11% chance of becoming poor in 2013. In comparison to the total population, children have a lower probability (28%) of exiting poverty in 2013 if they were poor in 2010. In other words, children that were poor in 2010 had a higher probability (72%) to remain poor in 2013. On the other hand, the probability of a child becoming poor in 2013, if he/she was not poor in 2010 was 12%, while the probability of a child being out of poverty in 2010 and 2013 is 88%.

## **2.10 Poverty persistence in countries**

Apart from poverty dynamics, the longitudinal data also enable a more detailed analysis of the extent of child poverty in a given country, as represented by the longevity of poverty. For the purposes of analysis, we will analyze the length of the period that children spend in poverty, focusing only on those children for whom data is available for all years between 2010 and 2013. Since data is available for 2010 – 2013, we can analyze whether children live in poverty for one, two, three or four years.

**Figure 2.9. – share of children according to longevity of poverty in the period 2010 – 2013 (longitudinal data, expressed in %)**



*Note: Authors' calculation based on EU-SILC data.*

The results are presented in Figure 2.9 and Table 2.7. We can observe that on average in Europe (based on EU 27<sup>8</sup>, Iceland and Norway), one in every ten children was poor in one of the four observed years. Additionally, on average 7% of children were poor for two years, 5% for three years and approximately 8% who were poor in all four years. Thus, approximately 30% of children in Europe spent at least one year in poverty in the period 2010 – 2013. Significant variations in frequency of child poverty are also evident. For example, in Romania one in every five children was poor for four years, while in Slovenia it was one in every 50 children. In Croatia, one in every 10 children was poor for a year, while in Slovenia one in every 20 children was poor for one year.

Furthermore, the percentage of children who spent one year in poverty is higher in some developed countries (Luxemburg, Austria, United Kingdom, Ireland, Iceland), in comparison to the average of all observed countries. This conclusion may be surprising, taking into account that some of the countries mentioned apart from being developed also have smaller income inequality rates.

Similarly, some of the more developed countries (United Kingdom, Ireland, Italy) have higher rates of child poverty for children who spent two or three years in poverty, in comparison to the average of all countries observed. Although it is entirely possible that developed countries have an above average risk for children to spend a year in poverty, we can observe that poverty rates lasting four years are exceptionally high in countries with lower levels of development (Bulgaria, Romania, Hungary, Croatia, Lithuania and Greece) but also in some more developed countries (Luxemburg, Italy and Spain). On the other hand, Scandinavian countries, the Netherlands and Slovenia make up a group of countries with the lowest child poverty rates, regardless of the number of years that children spend in poverty.

In Croatia, the child poverty rate for children who spent one year in poverty is at the level of the average of observed countries. In Croatia, however, long term child poverty is a significantly bigger

<sup>8</sup> Germany is missing from the data.

problem. Namely, in Croatia the percentage of children who spent four years in poverty amounts to 13.6%, which is some 6% higher than the average. Furthermore, in comparison to other countries, Croatia is in the group of countries with highest rates of poor children spending four years in poverty. Only Bulgaria and Romania have higher rates of children who spent four years in poverty than Croatia.

**Table 2.7. – Share of children according to longevity of poverty in the period 2010 -2013 (longitudinal data, in %)**

	Poor in one of four years	Poor in two of four years	Poor in three of four years	Poor in all four years
DK	3.44	1.72	1,72	2,29
NL	4,69	2.19	2,60	2,08
NO	4,77	1.72	1,46	1,32
SI	5,13	3.08	1,17	1,91
BG	6,21	6.83	6,83	15,53
SE	6,91	4.03	2,50	4,61
CZ	7,70	2.97	3,11	4,73
RO	7,83	7.39	5,22	20,65
BE	7,91	8.33	4,06	5,56
ES	8.54	7.25	8.17	11.39
FI	8.66	4.04	2.26	4.72
CY	9.43	4.72	6.29	5.35
IT	10.08	8.92	7.11	11.04
HR	10.30	8.94	7.86	13.55
FR	10.36	7.37	5.04	5.63
LU	11.44	8.71	9.70	11.69
SK	11.66	7.93	5.13	3.50
LV	11.66	9.19	11.66	12.33
MT	11.75	5.75	6.25	9.25
PT	11.96	6.74	5.00	11.52
EL	12.33	12.79	10.70	11.40
LT	12.65	8.53	4.41	5.00
EE	12.81	11.21	7.55	7.55
UK	12.93	9.70	5.17	4.53
AT	13.03	6.41	4.27	6.20
PL	13.19	9.19	7.78	10.67
IS	14.24	2.71	1.69	2.37
IE	14.29	9.80	6.12	4.49
HU	14.63	8.13	7.13	13.38

*Note: Authors' calculations based on EU-SILC data*

## 2.11 Conclusions

This chapter presented statistical data on income and income poverty in Croatia in comparison with other EU member-states and selected member-states of EFTA (Iceland, Norway, Switzerland). According to the average equivalent income of children and the population in 2014, Croatia is among

the countries with the lowest incomes. Furthermore, taking into account the average equivalent income of children at risk of poverty and the general population at risk of poverty in 2014, Croatia is still among those countries with the lowest incomes. By comparing the relative child and population poverty rates among countries in 2014, we established that in Croatia the relative child and population poverty rates are higher than average rates of poverty risk, based on the average of all countries in the sample. The rate of relative child poverty in Croatia is approximately 7% higher than the average child poverty rate. Additionally, the results showed that in 2014 the rate of poor children in Croatia was approximately 9% higher than the rate of poverty among the general population.

The analysis also presented the dynamics of child poverty in Croatia in the period 2010 -2014. While up until 2011 child poverty rates were lower than the national average, in subsequent years child poverty rates were continuously higher than poverty rates of the general population. Additionally, the relative child poverty rate increased until 2012, followed by a decrease in subsequent years. We also checked child poverty dynamics in Croatia on the basis of a fixed poverty threshold (in 2010), which focuses on whether the real living standard changed in the observed period. Since the child poverty rate according to the fixed poverty threshold continuously increased between 2010 and 2014, we conclude that the material well-being of children decreased in this period. Given that the risk of child poverty rates differ depending on the demographic and socio-economic characteristics of children and their households, we checked those results for Croatia. The result shows that children living in households with a larger number of children, households with a lower number of employed members and households with a lower level of parents' education face the highest risks of poverty.

Given that the above mentioned indicator of poverty taking into account only individuals that are poor in a certain period does not necessarily provide a comprehensive picture on the extent of poverty in a country, our next step was to determine whether children below the poverty threshold in a certain period are temporarily poor or live in long term poverty. Negative effects on well-being (stigmatization, break-up of relationships within a family or between partners, negative effects on children in the growing-up period, limited personal development of children due to parent's lack of human capital investment, etc.) due to long term poverty are considered more dangerous than negative effects of short term poverty risk. In Croatia, in 2013, the long term child poverty rate, defined as poverty in the current and at least two of the previous three years, amounted to 14.1%, which is 2.2 percentage points higher than the European average.

By using longitudinal data we were also able to analyze the probability of children to enter or exit poverty, remain in poverty, or remain outside poverty in a certain period. In this analysis we focused only on those children (individuals) present in each year from 2010 to 2013. The results show that there is a 71% probability for a child that was poor in 2010 to remain poor in 2013, and an 89% probability of remaining out of poverty in 2010 and 2013. The probability of a child entering poverty in 2013, if he/she was not poor in 2010 is 12%, while a child that was poor in 2010 had a 28% probability of exiting poverty in 2013.

Finally, longitudinal data enabled a more detailed analysis of the extent of child poverty in Croatia. On the basis of data for four years (2010 – 2013) we analyzed the longevity of poverty in households with children, on the basis of percentages of children who spent one, two, three or four years in poverty. In Croatia, child poverty rates of children spending one year in poverty are at the level of the European average. It is important to note, though, that a more significant problem in Croatia is child

poverty lasting a number of years. The results showed that Croatia is among the group of countries with the highest rates of children who spent four years in poverty.

It should also be mentioned that some of our ideas for further research of child poverty include an analysis of poverty in its broader context. In such broader understanding of poverty, apart from poverty indicators based in income, we can analyze indicators based on material deprivation, i.e. incapability of acquiring certain material conditions considered necessary or desirable in life. Given that indicators of material deprivation provide important information on material conditions influencing the wellbeing of children, we consider this step to be a necessary improvement and will strive to include it in future research.

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## CHAPTER 3 - Results of the Survey among Parents and Children in Households Receiving the Guaranteed Minimum Income

### 3.1 Introduction

In this part of the research we analyse data which derives from a survey conducted in May and June 2016. The survey was completed on a total of 207 households in Croatia. The population from which the sample of 207 households derived includes households who were recipients of the Guaranteed Minimum Income (GMI), where at least one member of the household is a child of school age. The recipients of GMI are rightly considered “the poorest of the poor” or “extremely poor”, at least by Croatian standards, i.e. the standards of countries at similar levels of economic development. The recipients are households without any income or with very low incomes, i.e. those whose income does not cover their basic living needs.<sup>9</sup>

The sampling was done in co-operation with 15 Centres for Social Welfare (CSW) or their sub-offices: Bjelovar, Čakovec, Drniš, Dubrava, Karlovac, Nova Gradiška, Osijek, Pula, Rijeka, Sesvete, Sisak, Solin, Trešnjevka, Varaždin, Vinkovci.<sup>10</sup> They provided us with a list of households, recipients of GMI in their areas of authority. The choice of these CWSs attempted to cover the entire country geographically. However, it needs to be noted that “geographic coverage of the country” does not imply that the sample is geographically representative. For example, the share of households in the sample under the authority of Bjelovar CSW is not equal to the share of the total population of households under their authority; the same generally applies to all other CWS or their subsidiaries. Nonetheless, the attempt to ensure as wide as possible geographic coverage makes the sample to a certain extent geographically “quasi representative”. This should be borne in mind whence interpreting the data, with caution used when attempting to generalize findings at national level.

In each of the households, first one adult - the parent or the legal guardian of the children<sup>11</sup> - was surveyed, regardless of their gender. Apart from basic, standard socio-demographic characteristics of respondents and their households (age, gender, education, marital status, number of adults and children, size of settlement, region), the survey also contains questions on the status of respondents and other adults in the households regarding economic activity (whether employed, unemployed, retired, homeworkers, etc.) as well as questions on various types of income at their disposal (employment, self-employment, pensions, social benefits).

In the main part of the survey, parents answered a group of questions, which are in terms of contents most directly connected to the subject matter of this research. Among them, the first set of questions are those concerning problems linked to low living standards, i.e. poverty (e.g. whether their utilities' bills are overdue, whether some of the utilities were cut off due to lack of payment). The second set of questions are directly about coping strategies (e.g. whether – and from whom –

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<sup>9</sup> GMI was introduced on January 1, 2014 and replaced several social benefits. The amount of GMI depends on the household structure. For example, for a single parent (coefficient of 1) with 1 child (coefficient of 0.55) the GMI amounts to  $(1 + 0.55) * 800 \text{ kn} = 1240 \text{ kn/month}$ , where 800 kn is the base. For a single parent with two children the amount increases to  $(1 + 0.55 + 0.55) * 800 \text{ kn} = 1608 \text{ kn}$ . For a family with two parents (each with a coefficient of 0.6) with two children (coefficient of 0.4 for each child), the GMI amounts to  $(0.6 + 0.6 + 0.4 + 0.4) * 800 \text{ kn} = 1600 \text{ kn}$ . For detailed information on GMI, see Law on Social Care (Official Gazette 157/2013).

<sup>10</sup> Dubrava, Sesvete and Trešnjevka are sub-offices of the Zagreb Centre for Social Work; while Solin is a subsidiary of the Split based Centre for Social Work.

<sup>11</sup> Hereafter, only „parent(s)“ will be used.

they received financial or material assistance, whether – and from whom – they borrowed money, and so on). The third set are questions on parents' views on the impact of poverty on their children, both given their current needs and wants (e.g. whether they can afford different goods they consider necessary) and given the perspective of their development (e.g. what kind of education do they expect their children to attain, whether they will be able to afford it). This set of questions also comprises those about the parents' perception of the relationship between their children and their surroundings, especially considering the possibility of unfavourable treatment of children on the part of teachers and peers. This part of the survey contains quite a lot of questions, since they encompass as many aspects as possible relating to living on low incomes, and as many as possible different effects that such living conditions might have on the household as a whole, and especially on children, as the group in the main focus of this research.<sup>12</sup>

The particularity of this research is that apart from parents, in a certain number of households children were also surveyed. Namely, each parent was asked for permission to survey one of their children, assuming the child was also willing. For ethical reasons, only children above 12 were considered. Out of the total number of households with at least one child of appropriate age, a total of 99 children were surveyed, following the parent's and the child's approval. Thus, children were surveyed in almost 50% of the households. In each household, only one child was surveyed. Apart from the child's age and sex, the survey gathered data on the perception of their household's material living standard, the possible effects they feel as a result of the low material standard of the household, their attitudes concerning school and the relationship between them and others in their surroundings, family, teachers and peers at school. Finally, they were surveyed on their expectations of the future and potential barriers in fulfilling those expectations. The survey with children can be linked to that of parents, enabling the analysis of the links between children's answers and the characteristics of their parents and households (e.g. income, education, size of settlement).

Table 3.1 presents the basic characteristics of surveyed parents, children and their households. In terms of the regional structure of the sample, almost one quarter of the sample are those from "northern Croatia", while one fifth is from "central Croatia". Following are „Slavonia" and „Zagreb and surroundings", with some 18%, and then "Dalmatia", and „Istria, Gorski kotar and Primorje" represented by about 9%. As already stated, this structure does not follow the structure of the total population of recipients of the GMI. One third of the households surveyed are from small settlements with less than 2000 inhabitants, and almost 50% are from settlements of up to 10,000 inhabitants. Taking into consideration the general characteristics of the way of life and available amenities in settlements of this size in Croatia, that in the rural/urban dichotomy deserve the "rural" signifier, we can state that about one half of our sample is made up of the rural population. In presenting and interpreting some of the results, we will consider differences between settlements of up to 10,000 inhabitants in relation to those with a higher number. In doing so, in order to avoid the imprecise terms of "rural" and "urban", we will use more precise terms, referring to "smaller" and "bigger" settlements. Although more than two types of settlements by size would likely provide some additional insights, the relatively small sample does not allow a more detailed breakdown, as

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<sup>12</sup> A number of questions in this survey were derived from a similar survey commissioned by UNICEF, (Šućur et al, 2015).

some groups would have a very low number of households, thus making the validity of any conclusions about differences among smaller sub-samples questionable.<sup>13</sup>

Four fifths of the surveyed parents are women. The large representation of women among surveyed parents is probably a reflection of the traditional worldview according to which the care of children – and consequently, participation in a survey focusing on children – is considered predominantly a “woman’s” preoccupation. The average age of parents is 39.6, while in the structure the dominant age group is between 25 and 44, making up about ¾ of those surveyed. In terms of education, the surveyed parents have relatively low levels: half have only elementary education, and as many as 13% have not finished primary education. Apart from differences in results in terms of settlement size, in some instances, especially those concerning expectations (of both parents and children) regarding education levels of children, we also analyze differences according to parents’ levels of education. In this sense, parents are divided into two groups: “lower” and “higher” levels of education. The group of parents in the “higher” level, should however, not to be mistaken for a group of university level educated persons, but rather as a group with a higher level of education in comparison to the remainder of those surveyed. Given that the general characteristic of the sample is the low level of education of parents, the “higher” and “lower” groups are made up as follows: the “higher” group contains those who at least finished high school, while the “lower” group are those who did not receive more than primary education. As was the case with settlements size, a more detailed breakdown would maybe provide more detailed insights, yet such a breakdown would not be justifiable given the size of the sample.

The surveyed households are on average bigger (about 5 members) than the average household size in the general population<sup>14</sup> (about 3 members). Linked to household size, the surveyed households on average have a little less than 3 children, while 1/5 of the households are those with five or more children. The average number of children in the sample is also larger than the average for the general population. The larger household size and a larger average number of children, should be considered in light of the fact that larger households have a higher probability of being among those with the lowest living standard.<sup>15</sup>

Finally, the average age of surveyed children (99 of them) is 15, where 15- and 16-year-olds, make up a bit less than half of the surveyed children, while the lowest share are 17-year-olds. The average age is, of course, different from the average age of children in the general population, where children are on average younger than 15. This is the result of the aforementioned limitation on the age of children that could be surveyed, i.e. those above 12.

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<sup>13</sup> In the survey, respondents were asked to self-identify from the four types of settlements, according to population (see Table 3.1). Of the four types, due to reasons explained in the text, two types of settlements were used for analysis: „smaller“ and „bigger“.

<sup>14</sup> Here we refer to the entire population of Croatia, not the population of all satisfying our sample criteria (recipients of GMI, at least one child of school age)

<sup>15</sup> See previous chapter.

**Table 3.1. – Key characteristics of surveyed parents and their households**

<b>Parent - female</b>	80.2 %
<b>Average age of parents</b>	39.6 years
<b>Age groups of parents</b>	
18-24	0.5 %
25-34	28.0 %
35-44	47.8 %
45-54	19.3 %
55-64	4.4 %
<b>Region</b>	
Northern Croatia	24.2 %
Zagreb and surroundings	18.4 %
Central Croatia	20.3 %
Slavonia	18.8 %
Dalmatia	9.2 %
Istria, Gorski kotar and Primorje	9.2 %
<b>Household size</b>	4.9 members
<b>Single parents</b>	37.7 %
Single mothers	33.3 %
Single fathers	4.3 %
<b>Parent's education</b>	
Less than elementary education	13.5 %
Elementary education	36.2 %
3-year vocational high school	30.4 %
4-year high school or higher	19.8 %
<b>Parent unemployed</b>	71.0 %
<b>Number of children</b>	
One	25.1 %
Two	22.7 %
Three	19.3 %
Four	13.5 %
Five or more	19.3 %
Average	2.9 children
<b>Size of settlement</b>	
up to 2,000 inhabitants	32.4 %
from 2,000 to 10,000	14.0 %
from 10,000 to 100,000	40.1 %
more than 100,000	13.5 %
<b>Surveyed child female</b>	49.5 %
<b>Average age of surveyed children</b>	14.9 years
<b>Age structure of surveyed children</b>	
13	19.2 %
14	18.2 %
15	23.2 %
16	25.3 %
17	14.1 %

Source: Authors' calculation based on survey.

## 3.2 Results

### 3.2.1 Parents' Survey

Table 3.2 presents data on the income of surveyed households, per member of household. Respondents were asked about their total disposable monthly income, as well as about amounts of its different components, i.e. sources of income. The average monthly income per household member amounts to the very low 758 kuna (kn) per month (about 100 EURO). Although the minimum is extremely low, and the maximum fairly high, the average amount is not strongly influenced by those outliers, as testified by the median, relatively close to the average. There were no households where respondents had no income whatsoever.

**Table 3.2. – Income according to source and the structure of total income**

	Share in total income (%)	Average (kn)	Median (kn)	Min. (kn)	Max. (kn)	Share with type of income higher than zero (%)
<b>Total income</b>	<b>100</b>	<b>758</b>	<b>740</b>	<b>53</b>	<b>4.190</b>	<b>100</b>
Income from employment or self-employment	3,96	30	0	0	1.000	14,49
Salary	3,65	28	0	0	1.000	13,53
Income from self-employment	0,31	2	0	0	400	1,45
Pension	3,64	28	0	0	600	9,66
Transfers	92,39	700	702	53	4.190	100
Guaranteed minimal income	40,90	310	333	0	3.840	96,14
Child 's benefit	29,20	221	200	0	832	95,65
Unemployment benefit	0,31	2	0	0	263	1,93
Single payments	3,28	25	14	0	218	60,87
Disability allowance	3,53	27	0	0	533	19,32
Housing or heating allowance	4,69	36	13	0	500	76,81
Maternity or parental allowance	4,24	32	0	0	667	15,94
Other social benefits	4,72	36	0	0	750	17,87
Support from local authorities	0,74	6	0	0	200	14,01
Support from Caritas and similar organisations	0,05	0	0	0	23	5,31
Other sources of income	0,73	6	0	0	500	9,66
Lowest annual amount necessary to make ends meet	183,35	1.390	104	10	1.000	-

*Note: All amounts are per household member per month.*

*Source: Authors' calculations based on survey.*

In the income structure, the share of salary (employment by third party) and self-employment is barely around 4%, whereby it is almost entirely from salaries. Less than 15% of respondents reported any positive amount from salaries or self-employment. The share of pensions is also low, and is at the level of salaries.

With a share of more than 92%, income is mostly reported from various types of social transfers. Among these, GMI dominates with some 41%, followed by child benefits with about 29%. Approximately 96% of surveyed households receive either the GMI or child's benefits. The rest of the transfers are housing and heating allowances, maternity or parental allowances and "other" (unidentified) allowances, each between 4% and 5%. Following them are single payments and

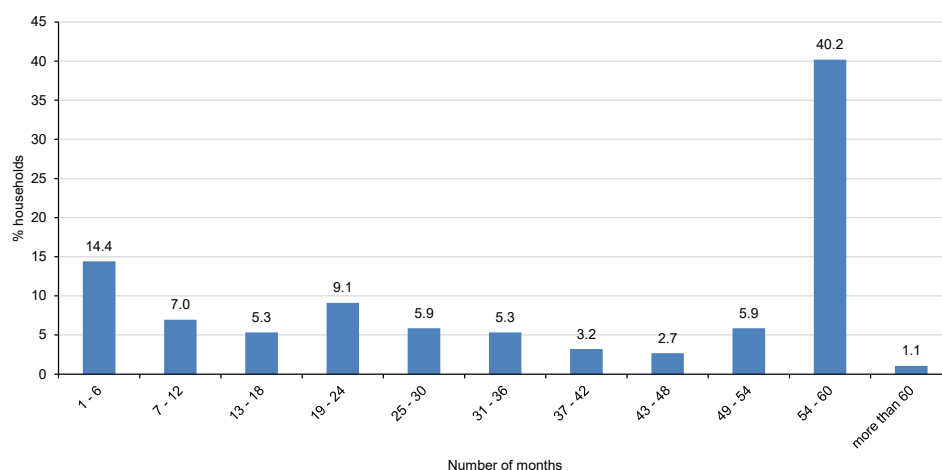
disability/third party assistance allowances, each between 3% and 4%, while other allowances are practically negligible.

It should be noted that the share of unemployment benefits is very low (0.3 %) and that less than 2% of households receive this type of benefit, despite the fact that 70% of parents stated they were unemployed. This is because they are long-term unemployed, whose unemployment benefit period expired. Namely, among the 70% of those who reported they were unemployed, almost all (97%) have been unemployed for year or longer, while 86% have been unemployed for three or more years.

Such a low average income and such a structure of income, dominated by social transfers is to be expected, given that the population from which the sample was chosen are those households receiving GMI, with children, as previously explained. Such a sample, according to the sampling method, includes households with children and the amount of income that is low enough to be eligible for GMI, child benefits or both, as well as some other benefits. The fact that not all respondents reported that they receive GMI, but 96% of them, can be a consequence of their hiding this fact, but also of their not being aware that one of the allowances they are receiving is termed GMI. Finally, it can also be an error in the lists provided by the Centres for Social Welfare, or that at the time of sampling they were recipients of GMI, but stopped receiving it by the time the survey was conducted, as a consequence of the increase in their income above the threshold (depending on the structure of the household).

It was stated in the Introduction that recipients of the GMI can rightly be considered “the poorest of the poor”. Since this is, for Croatian circumstances, absolute poverty, an important question was how long people remain in such state. In the survey, respondents were asked how many months in the current year (2016) and the previous five years (2011-2015) they received the GMI (introduced on 1/1/2014) or subsistence allowance (social assistance). The household structure according to the number of months, in six-month categories is presented in Figure 3.1. By far the highest share (40.2%) of households received GMI or social assistance between 54 and 60 months in the observed period. This finding indicates that quite a large share of GMI recipients are long-term recipients. In other words, a significantly large part of the poor are poor for a long period, which is in line with the results presented in the previous chapter.

**Figure 3.1. Households by Number of Months on GMI or social assistance benefits**



Source: Author's calculation based on survey.



Although it is evident from the average income alone that it is far too low to ensure even the minimal material standard of life, what speaks even louder of its failure to meet the minimal needs is the fact that according to respondents' assessments, the lowest amount necessary to "make ends meet" is almost double (183.3%) the amount of average income. If we consider the amount enabling "making ends meet" a subjective poverty threshold, what arises is that the households in our sample need almost double the amount per household member in order to exit poverty.

In order to be able to compare different groups within the sample according to living standards, so that we can see the effect of the "depth" of poverty (not merely that fact that they are poor), we split the sample into two groups: "the poorer" and "the less poor". "The poorer" are those whose income per household member is lower than the median, while "the less poor" are those whose income per household member is higher than the median. At first glance, it may seem that such a division does not make much sense, since all households in the sample are very poor, which is why they receive GMI. Thus, the difference between "the poorer" and "the less poor" might seem too small to show any significant differences considering the amount of problems they face due to poverty, in terms of their coping strategies and the effect of poverty on children. Yet, one should bear in mind that even the smallest amount of difference in the amount of disposable income (758 kn per month on average) may mean a lot. For example, 100 kn a month more, i.e. 1,200 kn more per year, may mean that a parent would be able to afford a school trip, so that their child would not feel excluded.

The division into two groups according to living standard is useful for yet another reason. Namely, for a more thorough analysis of the effects of poverty and coping strategies it would have been ideal had we had a sample of not only the poor (in our case, recipients of GMI), but also the non-poor. This would have enabled comparisons between the poor and the non-poor. However, our sample does not allow for such comparisons. Naturally, even without such comparisons we can be sure that there are differences stemming directly from differences in material living standard (e.g. differences in frequencies of not paying utilities bills on time). We cannot, however, be sure that there are significant differences between the poor and the non-poor that are not directly linked to differences in material living standards (e.g., parents' expectations regarding the level of education for their children). It is precisely here where the comparison between "the poorer" and the "less poor" is helpful. Namely, if there are explainable differences between these two groups, then we can be fairly sure that there are also differences between the poor and the non-poor, and that those differences are significantly bigger.

Approximately one fifth of the households (19.8%) have a loan with a bank, mainly higher purchase or personal loans (16.4%) (Table 3.3.). Mortgage loans are rare in this population (less than 2.5%), and especially rare are instances where a household has both a higher purchase and a mortgage loan. Since this is a population with extremely low material living standards and where unemployment is significantly higher than in the general population, it is understandable that they cannot afford a mortgage loan. As for the few that actually do have one, they probably secured it while they were employed, i.e. prior to losing their job, which caused such a loss of income below the threshold, making them eligible for the GMI. On the other hand, although higher purchase loans are relatively unfavourable, low income forces this population to finance higher (for their circumstances) expenses through borrowing. Unfortunately, the survey did not ask questions concerning reasons for obtaining loans, thus they remain unknown. Yet, given that these are people living sparingly, it can be assumed that the reason might be, for example, exchanging a broken down home appliance, such



as the washing machine or refrigerator. The average monthly instalment for the loan, per household member, amounts to 310 kn, with a significantly lower median (178 kn), indicating a few households with significantly higher instalments in comparison to the rest of the sample. The monthly instalment is on average somewhat higher than a third of the income (36.4%), yet in most households (70%) it amounts to less than half of the income, and 17% of households have instalments that are higher than the disposable income per household member. Understandably, less poor households have loans more often (23.3%) than those who are poorer (16.3%). The reason is probably the difference in capability of making payments between the poorer and the less poor. On the one hand, the poorer find it more difficult to obtain a loan, due to their low credit rating. On the other hand, the poorer are less likely to take out a loan, because of their poor capacity to pay it back. Based on the data we have, it is hard to say which of these two factors is dominant, and it is quite possible that a reason may lie in something entirely different, whether an independent variable or in the combination of the aforementioned factors.

**Table 3.3. – Structure of bank loans**

	All	Poorer	Less poor
Mortgage	2.4%	1.9%	2.9%
Higher purchase	16.4%	13.5%	19.4%
Both	1.0%	1%	1%
Neither	78.7%	81.7%	75.7%
Don't know	1.5%	1.9%	1%
Total	100%	100%	100%

Source: Authors' calculation based on survey.

A little more than two thirds (68.1%) of households borrowed money, but not from banks, rather from private persons (Table 3.4). Most of them (40.6%) borrowed money from family or relatives, and 27.5% borrowed from friends. A somewhat higher percentage of those borrowing money from family or friends belong to the less poor group of households (the poorer 65.4%; the less poor 70.9%). As already stated in the case of bank loans, it is possible that the less poor borrow as they could pay it back more easily; for the same reason the less poor are likelier to be lent money. Furthermore, borrowing occurs more often in bigger settlements (smaller: 68.6%; bigger: 72.9%), which may be the result of higher costs of living or bigger needs of inhabitants of larger settlements (better offer of goods and services in cities, especially bigger ones, than in rural areas).

**Table 3.4. - Borrowing money from private persons**

	All	Poorer	Less poor	Smaller settlements	Bigger settlements
Borrowed from family or relatives	40.6%	40.4%	40.8%	33.3%	41.7%
Borrowed from friends	27.5%	25%	30.1%	35.3%	31.3%
Did not borrow	31.9%	34.6%	29.1%	31.4%	27.1%
Total	100%	100%	100%	100%	100%

Source: Authors' calculation based on survey.

Almost half (44.5%) of the respondents performed some type of occasional work in order to get money in the past year; mostly more than once or twice (35.8%). Since most respondents stated they were unemployed, we can assume these were occasional engagements outside the formal labour market. Additionally, since their levels of education are low on average, it is very likely that these were more or less heavy physical jobs. Occasional jobs were significantly less present among the

poorer (below the median: 38.5%; above the median: 50.5%). Indeed, it is possible that they are poorer precisely because they performed odd jobs less frequently; however, it is also possible that this is a “fake” link, i.e. that people from poorer households – generally, bigger households with more children – performed odd jobs less frequently precisely because of the number of chores they have to do at home – especially taking into account that a third of the sample were single mothers. This difference is even greater between smaller and larger settlements: in smaller ones there were 60.8% of those who worked occasionally, while in bigger ones the percentage is 37.5%. Although we cannot know for certain the cause of such a difference, we can assume that there are more opportunities, i.e. higher demand for occasional work in smaller settlements. These are likely physical jobs in agriculture that do not demand any type of specialized education.

In order to get to additional finances, somewhat less than a third (31.9%) of households sold something in the last 12 months. Among the remaining two thirds of those who had not sold anything, the dominant reason is that they did not have anything to sell (43%), which is understandable given their material living standard. The probability of having sold something is higher for poorer households (poorer: 37.5%; less poor: 26.2%), certainly to a large extent due to their greater need to employ this coping strategy. It is, however, interesting that the share of those who said they had nothing to sell is smaller among the poorer. This surprising result may be a consequence of the fact that the poorer, given their greater need to employ this strategy, also have a different perspective on what can be sold, perhaps precisely because of the pressures arising from poverty and the need to get money. In other words, when they and their children are pressured by poverty, they find it easier to find things in the house to sell in order to get to money.

A significant number of households had not, during the entire past year, paid utilities and service on time. Two thirds of them (65.7%) were late by three or more months (Table 3.5.). As expected, delays occurred more often in poorer households (poorer 72.1%; less poor 59.2%). The difference is also significant between smaller and bigger settlements, whereby delays occurred less frequently in households from smaller settlements (smaller: 61.4%; bigger: 69.4%). The reason is probably in the fact that utility bills tend to grow with the size of the settlement, either because of differences in prices for utilities among cities or lack of certain utilities/services in smaller rural settlements. Additionally, there is the possibility that in smaller settlements, where people tend to live in houses rather than apartments, some utilities can be avoided due to availability of a cheaper alternative (e.g. using wood for heating, rather than gas or heating plants) or more or less free substitute (e.g. water from wells, waste management on one’s own).

**Table 3.5. – Delays in utility payments (at least three months during the last year)**

	All	Poorer	Less poor	Smaller settlements	Bigger settlements
Yes	65.7%	72.1%	59.2%	68.6%	62.5%
No	34.3%	27.9%	40.8%	31.4%	37.5%
Total	100%	100%	100%	100%	100%

*Source: Authors’ calculation based on survey.*

Furthermore, as part of the coping strategies, some respondents reduced using certain utilities. This was chosen by almost two thirds of the respondents (62.8%). The difference between the poorer and less poor does not seem significant in this regard (poorer: 64.4%; less poor: 61,2%). However, households from smaller settlements used this strategy less frequently (up to 10,000 inhabitants:

53.1%; more than 10,000 inhabitants: 71.2%), probably for the same reasons explaining delays in utilities' payments.

A quarter of households (25.1%) experienced the cutting off of some of their communal services in the last year. In line with other results concerning utilities, this happened more frequently to the poorer group (poorer: 29.8%; less poor: 20.4%), and to those living in bigger settlements (up to 10,000 inhabitants: 22.9%; more than 10,000: 27%). Among utilities, electricity was most frequently cut off (57.7%), followed by the telephone (19.2%) and tap water (11.5%).

Approximately one third of the households (36.2%) produce their own food – growing fruit, vegetables and breeding domestic animals for consumption. Food production is not significantly higher among the poorer households (poorer: 37.5%; less poor: 34.9%). A significant difference in this regard is expectedly present according to the size of the settlement – own food production is much more frequent in smaller (60.4%) than in larger settlements (15.3%). The reason is, of course, that in smaller rural settlements fields where one can grow fruit, vegetables and breed domestic animals are common. This is not the case in larger, urban settlements. Among those producing food, the majority satisfied less than half of their needs in this manner.

One third (32.8%) of households received food from family, relatives or friends. Here too, the differences between the poorer and less poor are not significant (poorer: 31.7%; less poor: 33.9%), yet a significant difference occurs according to type of settlement: this is more common in bigger settlements (up to 10,000 inhabitants: 21.8%; more than 10,000: 42.3%). On its own, this result might seem contrary to intuition. Namely, we might expect family ties to be stronger in smaller settlements, especially in the countryside, resulting in more contacts with family and relatives, thus in a higher number of food exchanges in comparison to bigger settlements and especially bigger cities. However, since we just established that food production in smaller settlements is much more present, it is clear that receiving food from family, relatives or friends is much more common in bigger settlements precisely because of the limited possibilities for food production. In other words, giving food to the poor in smaller settlements is less frequent since in smaller settlements the poor produce their own food; thus the need for food-giving is smaller. Among households that received food from family, relatives and friends, this satisfied less than 10% of their needs.

Concerning nutritional needs, respondents were also asked whether due to poverty any members of the household went to sleep hungry in the last month. A fifth of the respondents (21.3%) said yes (Table 3.6.). Among them, the highest percentage stated that only adults went to sleep hungry (16.4%), no one stated that only children went to sleep hungry, while a smaller percentage stated that both adults and children went to sleep hungry (4.8%). In line with the results explained above, there is no significant difference in this regard between the poorer and the less poor (poorer: 15.4%; less poor: 17.5%), but there are differences stemming from settlement size. Namely, in smaller settlements people going to sleep hungry occurs less frequently (up to 10,000 inhabitants: 16.7%; more than 10,000: 25.2%). The latter should be interpreted in the light of the finding that the problem of satisfying nutritional needs is more frequent in larger settlements, due to already mentioned limitations concerning food production in such settlements.

**Table 3.6. - Did anybody go to sleep hungry due to poverty in the last month**

	All	Poorer	Less poor	Smaller settlements	Bigger settlements
Only an adult	16.4%	15.4%	17.5%	9.8%	14.6%
Only a child	0%	0%	0%	0%	0%
Both an adult and a child	4.8%	6.7%	2.9%	3.9%	4.2%
No one	78.7%	77.9%	79.6%	86.3%	81.3%
Total	100%	100%	100%	100%	100%

Source: Authors' calculation based on survey.

Further, about two fifths (43.5%) of respondents were sometimes hungry in the last year, in order to satisfy the needs of their children. Here, there is a more significant difference between the poorer and less poor: the poorer were hungry more often in order to satisfy children's needs (poorer: 51.9%; less poor: 34.9%). Additionally, as with other questions concerning nutritional needs, hunger in order to satisfy the needs of children occurred more frequently among parents in larger settlements (up to 10,000 inhabitants: 36.4%; more than 10,000: 49.5%).

When in need of extra money in order to cover an unexpected expense or satisfy a need, the poor most often turn to their family and relatives (41.5%), followed by friends (24.2%), and the CSW (23.7%); 'someone else' was chosen by only 1.9% of the respondents, while there are also those who turn to no one, despite the need for assistance (8.7%) (Table 3.7.). Thus, almost two thirds (65.7%) turn to their closest surroundings (family, relatives, and friends); a quarter (25.6%) turns to institutions - almost exclusively to CSWs, while others turn to no one. The poorer tend to turn to their closest surroundings less frequently (the poorer: 60.6%; the less poor: 70.9%); when it comes to institutions the percentages are almost equal (the poorer: 30.8%; the less poor: 29.1%), while only the poorer do not turn to anyone (the poorer: 8.7%; the less poor: 0%). The result that the poorer tend to turn to their closest surroundings less frequently is in line with the previously discussed results; namely, that they also borrow money less frequently from family, relatives or friends. We can assume that when turning to family, relatives or friends, they tend to ask for loans, rather than gifts; thus, as already stated, this could be a result of their diminished capacity to return loans. On the other hand, when turning to CSWs these are not loans, but grants, so the capacity to return is not a significant factor. It is also possible that their closest surroundings are also poor, which might be why the poorer turn to them less frequently.

**Table 3.7. – Who do you turn to in case you need money for unexpected expenses**

	All	Poorer	Less poor	Smaller settlements	Bigger settlements
Family, relatives or friends	65.7%	60.6%	70.9%	64.7%	64.6%
Institutions and organizations	25.6%	30.8%	29.1%	25.5%	33.3%
No one	8.7%	8.7%	0%	9.8%	2.1%
Total	100%	100%	100%	100%	100%

Source: Authors' calculation based on survey.

More than half of the households (54.1%) received financial or some other type of material assistance from an institution or organization. The assistance most frequently came from Caritas in their own parish (16.4%), social supermarkets (13%) and soup kitchens (11.1%). The share of those receiving this type of assistance does not differ much between the poorer and the less poor (the poorer: 52.9% the less poor: 55.3%). Households from bigger settlements received assistance more

often than those from smaller ones (up to 10,000 inhabitants: 43.8%; more than 10,000: 64%). These results are understandable, taking into account the fact that Caritas is more often not present in smaller settlements, that the parishes are less wealthy, and that social supermarkets and soup kitchens exist only in larger settlements.

In the survey, respondents were asked to assess the effectiveness of assistance provided by family, relatives and friends on the one side, and the assistance of institutions on the other. Specifically, they were asked whether the effects of assistance were non-existent, small, partial, large or very large. The assessments were done only by those who received assistance (Table 3.8.). 46.7% of the respondents rated the effects of the assistance of family, relatives and friends as large or very large; when it came to institutions such assessments were given by 32.8% of the respondents. At the other end of the scale, the effects of the assistance from family, relatives and friends was assessed as non-existent or small by 27.6% of the respondents, while 39.9% of respondents gave such assessments for institutions.

**Table 3.8. - Assessments of effectiveness of assistance by family, relatives and friends and by institutions**

	Effects of assistance	
	Family/relatives/friends/	Institutions
Very large	19.1%	11.7%
Large	27.6%	21.1%
Partial	25.7%	27.3%
Small	23.7%	34.4%
Non-existent	4%	5.5%
Total	100%	100%

*Source: Author's calculation based on survey.*

Concerning assistance from family, relatives and friends and from institutions, the parents were asked to what extent they could rely on their help. The possible answers were: never, sometimes, often, always and I don't know. The CSW came out as the most reliable, more reliable than family, relatives and friends, neighbours or other institutions (Table 3.9.). If these answers are interpreted as a type of assessment of the effectiveness of various sources of assistance – or the perception of effectiveness – the poorer assessment of the relative effectiveness of institutions, as opposed to that of the closest circle of people – reflects first and foremost the lack of effectiveness of institutions such as the local authorities, local councils, humanitarian and voluntary organizations, rather than the effectiveness of the CSWs. However, it is possible that the positive assessment of CSWs is the result of the respondents' suspicion that the survey is linked to the CSW, thus they did not want to risk their "resentment". Nonetheless, it seems that we may conclude that the assistance of family, relatives and friends is perceived to be more effective than that of the institutions generally, despite the positive assessment of the CSWs.

**Table 3.9. – To what extent can I rely on assistance from private persons, institutions and organizations**

	Family and relatives	Friends	Neighbours	Religious community	Voluntary organizations	CSWs	Local authorities' employees	Community councils	Humanitarian organizations
Never	18.4%	18.8%	36.7%	55.1%	76.8%	6.8%	54.6%	83.1%	45.9%
Sometimes	40.6%	40.6%	41.1%	32.9%	15.5%	46.4%	37.2%	10.1%	39.1%
Often	14.5%	18.8%	10.1%	4.8%	1.9%	24.6%	2.9%	1.0%	7.3%
Always	26.1%	21.3%	10.1%	3.4%	1.0%	20.8%	2.4%	0.0%	2.9%
I don't know	0.5%	0.5%	1.9%	3.9%	4.8%	1.5%	2.9%	5.8%	4.8%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Authors' calculation based on survey

One of the strategies of coping with poverty can also be giving up certain goods or services. In order to ascertain what poor households give up when they need to sacrifice something due to poverty, the survey contained questions for five groups of goods and services, and their prioritization. The results are portrayed in Table 3.10. For the highest number of households, the first things they sacrifice include alcohol and tobacco (43%), followed by vacation, entertainment or culture (44.6%); clothes is in the third place (54.7%), paying for utilities in the fourth (62.3%), while the last thing they give up is food (79.2%). The ranking is in line with expectations: the poor give up their vices first (alcohol, cigarettes), while food is last. Whilst we probably should not doubt that food is the last of the five categories they were choosing from, nor that paying for utilities and clothes are fourth and third respectively, maybe there are reasons to doubt that alcohol and cigarettes are first to sacrifice. Namely, we do not know to what extent this is a reflection of reality, rather than a socially acceptable answer. Nonetheless, it should be noted that the respondents agreed more on the issue of what they would be willing to sacrifice last, rather than first.

**Table 3.10. – Priorities in making sacrifices**

We give up ...	Rank in giving up				
	1st	2nd	3rd	4th	5th
	% households				
... food	0.5	1.5	2.5	16.2	79.2
... paying for utilities	3.4	2.5	15.4	62.3	16.9
... clothes	16.4	15.7	54.7	14.1	0.6
... vacation, entertainment or culture	36.7	44.6	15.4	2.6	1.1
... cigarettes or alcohol	43.0	35.8	11.9	4.7	2.3
Total	100	100	100	100	100

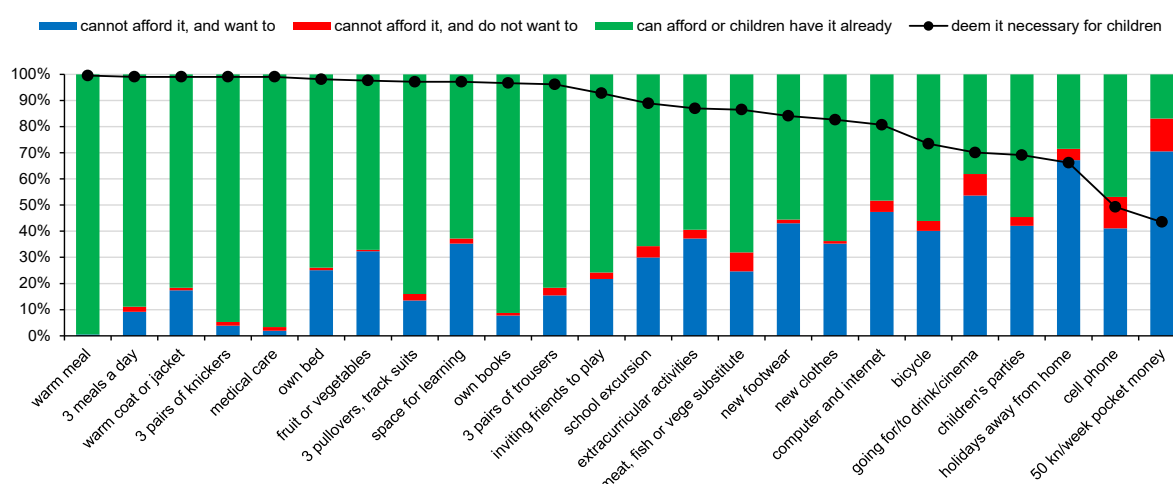
Note: Example on how to read the Table: 0.5% of households give up food first; 3.4% give up paying utilities, 16.4% give up clothes; 36.7% give up vacation, entertainment or culture first, 43% give up alcohol or cigarettes first.

Source: Authors' calculation based on survey.

In the survey, parents were also asked about the necessity on the one hand and affordability on the other of certain goods for children, requiring more or less material resources. The goal was, firstly, to get insight into what – and to what extent – parents in poor households consider necessary for their children; secondly, whether the parents can afford different goods; and thirdly whether there is a link between necessity and affordability. Specifically, parents were offered 24 different goods, and they firstly stated whether they deemed them necessary. They were then asked about affordability of those goods, with three possible answers: *I cannot afford it, and I want to; I cannot afford it and I do not want to; I can afford it or children already have it.*

For each of the goods, Figure 3.2 shows the percentage of parents thinking it is necessary for children (line with markers), while the goods are in declining order of percentage of parents thinking they are necessary. For as many as 12 goods, more than 90% of parents think they are necessary, for 8 goods the percentage is between 70% and 90%, and only 4 goods are considered necessary by less than 70% of parents. Furthermore, not one of the goods offered is considered unnecessary by less than 40% of parents. Goods at the top of the necessity rank include food (at least one cooked meal a day, three meals a day, fruit and vegetables), followed by clothes (new coat/jacket, three pairs of underwear, at least three pullovers or track suits, at least three pairs of trousers), medical care, and own bed and learning area, amongst others. On the other hand, the least necessary, according to parents are 50 kn/week pocket money, a cell phone, a vacation away from home, children's parties (e.g. birthdays), and going for a drink or to the cinema. This ranking does not differ from the ranking the general population would make. Additionally, it should be noted that in line with the priorities in sacrifices, where, as expected, households give up food and clothes less often than entertainment, recreation or culture; in prioritizing sacrifices, parents took into account the needs of children, too.

**Figure 3.2 – Necessity and affordability of different goods for children**



*Note: goods and services on the horizontal axis (children's supplies) are in descending order, based on necessity assessment. The necessity is measured by the percentage of parents deeming a good necessary.*

*Source: Authors' calculation based on survey.*

Figure 3.2 also shows the structure of the answers according to affordability. The percentage of parents who cannot afford something, but would like to, varies from just a few percentage points to more than 70%. The most affordable are a cooked meal, three meals a day, three pairs of underwear, medical care and own books; the least affordable are pocket money (50 kn/week), vacation away from home, computer and Internet, and going for a drink or to the cinema. The picture also clearly portrays a tendency. Namely, on average, the more necessary goods are also more affordable: the part of the column measuring the percentage of parents who stated they could not afford something, but would like to (blue part of the column), increases to the right, from goods deemed necessary to goods deemed less necessary. It should be stated though that the offered interpretation of this pattern is not the only possible. The second interpretation might be that parents tend to afford those goods they deem necessary, regardless of how affordable they are. In other words, one can observe a tendency to prioritize, where higher ranks are for those goods deemed necessary. Nonetheless, these two interpretations are not mutually exclusive. What causes most concern is the



fact that there is a number of goods that parents deem necessary, yet cannot afford. For example, approximately a quarter of parents cannot afford a basic thing – a child's own bed; a third cannot afford a separate learning space, fresh fruit or vegetables or new clothes. This is even more true for goods on the right side of Figure 3.2., such as 50 kn/week pocket money (70% of parents cannot afford it), a vacation away from home (two thirds cannot afford it), and children's parties (approx. 40% of parents cannot afford it). Although such goods are on average deemed less necessary by parents, they are important in terms of children's socialization. Their parents' inability to afford them could have negative consequences for children, in terms of their limited opportunities to socialize with friends and colleagues from school.

It may prove significant for the development of children in terms of their socialization, readiness for and success at school, thus success in future life generally, whether or not they attended kindergarten or some other type of preschool program, at an appropriate age. Thus, in the survey the parents were asked whether their children attended kindergarten or preschool. A third of parents (32.9%) stated that all their children attended kindergarten (Table 3.11). Those among whom only some children attended kindergarten, stated there was no need, since one of the parents or other family members could take care of the children (33,1%) or for financial reasons (30.9%). 10.8% stated there was no need (without explaining), and 9.4% stated there was no kindergarten or it was too far. The importance of financial reasons is evident from the fact that for poorer households it was less likely that all of their children attended kindergarten (the poorer: 29.8%; the less poor: 35.9%). There are bigger differences between smaller and larger settlements: in smaller ones there is a higher percentage of households where not all children attended kindergarten (up to 10,000 inhabitants: 22.9%; more than 10,000: 41.4%). This is due to the fact that most smaller settlements do not have kindergartens, but also because in smaller settlements there are more economically inactive parents, mothers mostly, who stay at home, and so there is perceived to be no need for kindergarten care whilst parents are at work. Additionally, it is also very common for grandparents to care for their grandchildren. In this section, it should also be analyzed whether there is a difference in terms of the parents' level of education, since it is possible that parents with more education comprehend better the importance of kindergartens for socialization and children's intellectual development, i.e. that they understand better that kindergartens are not exclusively to care for children while parents are at work. Given the levels of education in the sample, parents are divided into two groups: those with "lower" education whose highest achieved level of education is primary, while all others are in the "higher" educated group. Such a division showed that the probability of all children attending kindergartens was higher if the parent had a higher level education (lower 25.2%; higher: 32.9%). However, given the links between education levels and income, this difference should not be interpreted as a direct effect of education, but rather an indirect one, working by means of income, i.e. the division between the poorer and the less poor as used in this chapter. This is also corroborated by the fact that the difference in education levels of parents is in line with the difference between poorer and less poor households. Finally, it is possible that both direct and indirect effects of parents' education are at work.



**Table 3.11. – Attendance at kindergarten and pre-school**

	All	Poorer	Less poor	Smaller settlements	Bigger settlements	Parent with lower education	Parent with higher education
All children attended kindergarten	32.9%	29.8%	35.9%	22.9%	41.4%	25.2%	40.4%
All children attended pre-school	61.8%	62.5%	61.2%	66.6%	57.6%	62.1%	61.5%

Source: Authors' calculation based on survey.

Concerning pre-school, in almost two thirds (61.8%) of surveyed households all children attended the pre-school program (Table 3.11). Since unlike kindergarten, pre-school is free of charge (unless it is part of the kindergarten program), the difference between the poorer and the less poor households disappears (poorer: 62.5%; less poor: 61.2%). The difference in the size of settlement is, nonetheless, present, considerably in favour of children from smaller settlements (up to 10,000 inhabitants: 66.6%; more than 10,000: 57.6%), despite the fact that wherever there is a school it is very likely that a pre-school program is organized. This result is hard to explain, although the difference in favour of children from smaller settlements seems to be far too significant to be explained by pure coincidence, i.e. the specificity of the sample. Just as was the case with kindergartens, we analyzed the differences according to the parents' education levels. The result show no significant difference (lower: 62.1%; higher: 61.8%).

According to the recently conducted UNICEF study (Šućur et al, 2015) on all households with pre-school children receiving financial benefits, the share of children attending kindergarten was around one quarter, whereas in this study, the share is about a third. Concerning pre-school, the difference between the two studies is smaller: according to UNICEF, children from about two thirds of households attended pre-school, while here the share is around 62%.

Furthermore, concerning education, parents were asked what they expected their children to attain education-wise in the ideal case. The structure of answers is presented in the upper part of Table 3.12. Most parents expect their children to gain a high-school education (56.4%), whereas a higher number expect their children to gain vocational (31.4%) rather than a general (24.6%) high school education. Apart from a few who did not know how to answer this question, the rest expect their children to gain more than a high school level in the ideal case. This indicates that a significant number of parents expect upward social mobility for their children. Unfortunately, these results make it difficult to assess the impact of poverty on expectations, since such an assessment would entail the expectations expressed in this study to be compared to those of the general population of parents. Nonetheless, it does not seem that parents in this survey have especially low standards concerning the expected levels of their children's education. The differences between the poorer and the less poor do not seem significant, other than that the poorer expect in higher numbers that their children get a general level of high school education and that among them there is a somewhat higher number of those who did not know how to answer this question. Differences according to the parents' level of education exist and are easier to rationalize. Unlike parents with higher education, of whom half expect their children to attain more than a high school level education, only a third of parents with lower education have this same expectation. Thus, a fitting interpretation seems to be that more educated parents expect their children's higher levels of education, which is

understandable and not at all surprising. Finally, a smaller percentage of better educated parents do not know which level of education they expect of their children.

**Table 3.12. – Expected levels of education for children and chances of attaining them**

	All	Poorer	Less poor	Parent with lower education	Parent with higher education
<i>Which level of education should children attain, ideally?</i>					
Vocational high school	31.4%	30.8%	32%	36.9%	26%
General level high school	24.6%	26.9%	22.3%	28.2%	21.2%
Higher school	42.0%	41.4%	42.7%	34%	50%
I don't know	1.9%	1%	2.9%	1%	2.9%
Total	100%	100%	100%	100%	100%
<i>Will they be able to achieve it?</i>					
Yes, all children	68.1%	70.2%	66.0%	59.2%	76.9%
Yes, but not all children	15%	14.4%	15.5%	20.4%	9.6%
No	4.8%	4.8%	4.9%	5%	3.9%
I don't know	12.1%	10.6%	13.6%	15.4%	9.6%
Total	100%	100%	100%	100%	100%

Source: Authors' calculation based on survey.

Parents were also asked about the likelihood of their children attaining the expected level of education. The results are in the lower part of Table 3.12. Parents' expectations do not seem to be pessimistic: somewhat more than two thirds (68.1%) think that all children will gain the expected education, and an additional 15% think that at least some children will. There is no clear pattern of differences between the poorer and the less poor, but as was the case in the expected level of education, differences emerge according to parents' own levels of education. Better educated parents are much more optimistic: more than three quarters of them think that their children will attain the expected education. In contrast, a significantly lower 60% of lower educated parents feel the same. The higher levels of optimism of those better educated may not be justified, though, especially since we established that there are no significant differences between the poorer and the less poor; in other words, a higher level of optimism of those better educated may just be wishful thinking, i.e. the reluctance to admit to themselves that their higher education standards do not mean that their children will be able to fulfil these expectations.

Finally, parents were also asked to express their levels of agreement with several statements concerning their children's education and their ability to afford it. The level of agreement was measured by asking them to choose from one of the following: completely disagree; disagree; neither agree nor disagree; agree; agree completely. These modalities were assigned numeric values from 1 (completely disagree) to 5 (agree completely). The statements are listed in Table 3.13, alongside the average agreement level of respondents. The average agreement level higher than 3 can be interpreted as "there are more parents who agree or completely agree than are those who disagree or completely disagree". Alternatively "on average, parents lean more towards complete agreement than towards completely disagreeing". Parents are closer to completely agreeing with the statement that it is important to sacrifice other things in order to enable the best possible education for children. Further, somewhat lower, parents still agree with the statement that it is almost impossible that they will be able to afford university level education for any of their children. Thus, parents are relatively pessimistic concerning their material possibilities to afford a university level education, yet they are ready to make sacrifices in order to ensure the necessary means. The

following two statements lean more towards disagreement. The statement concerning the necessity for children to start earning as soon as possible, implying shortening the period of education to a necessary level, met more disagreement than agreement among parents. Similarly, on average parents tend to disagree more with the statement that for the sake of educating at least one child, the needs of other children have to be sacrificed. Thus, we may claim that parents do not favour shortening the education period for a better living standard of the household today, at the expense of a potentially better future of their children. Moreover, they are not prone to consciously and intentionally choose a “winner” among their children, by means of educating one child at the expense of others. The results for the poorer and the less poor are in line with results for the sample as a whole.

**Table 3.13. – Parents' attitudes on their children's education**

	All	Poorer	Less poor	Parent with lower education	Parent with higher education
It is almost impossible for us to afford any of our children a university level education.	3.47	3.45	3.49	3.51	3.43
It is important to sacrifice many other things in order to enable the best possible education for children.	4.42	4.41	4.43	4.45	4.39
My children need to start earning, bringing income into the household, as soon as possible.	2.41	2.43	2.39	2.51	2.31
If there are not enough resources, all efforts should be made in order to keep one child in education, at the expense of other children.	2.13	2.24	2.02	2.32	1.94

*Note: The numbers in the Table are average levels of agreement with corresponding statements. The level of agreement was measured by the following scale: 1 = completely disagree; 2 = disagree; 3 = neither agree nor disagree; 4 = agree; 5 = agree completely.*

*Source: Authors' calculation based on survey.*

### 3.2.2 Children's Survey

As already stated in the description of the survey, of the 207 surveyed parents, 99 of them, thus almost half, approved for one of their children to take part in the survey. The children had to be 13 years of age or older. The questions for children differed, of course, from those for parents, and were designed in order to gain insight into the children's perspectives of their families'/households' material position and low living standards. With a few exceptions, the children's survey consisted for the most part of statements asking for the level of agreement or the extent to which the specific statements applied to them personally.

Probably the most direct way to gain insight into the extent to which children are aware of the material standard of their households is to ask them directly to assess this standard. In the survey, they were offered several modalities: *we are rich; we live above average; we live like most people; we are poor; we are very poor*. The structure of the answers is presented in Table 3.14. Almost all children chose one of two answers. Somewhat less than three quarters (73.7%) of children think their families lead an average life, while almost a quarter (23.2%) think they are poor. None of the children thought they lived in wealth, and only a few (two in fact) thought they lived above average or that they are very poor (one child). Thus, although the structure of the answers “leans” more

towards poverty than wealth (higher percentage of answers for *we are poor* and *we are very poor* than for *we are rich* and *we live above average*), which is in line with reality, it seems that the children do not perceive the actual reality (three quarters think they live *like most people*). However, since these are children who are 13 or older, thus at an age in which they can be aware of their family's material situation, it is hard to believe that they answered frankly. It is also hard to believe that parents are successfully hiding the fact that they live in poverty from their children. Thus, probably out of a degree of embarrassment, children would not admit that they consider themselves poor, especially very poor.

**Table 3.14. – Children's assessments of the material living standard of their household**

	Structure of answers	Income per household member (monthly)
We are rich	0%	-
We live above average	2%	788 kn
We live like most people	73.7%	831 kn (> median)
We are poor	23.3%	664 kn (< median)
We are very poor	1%	53 kn
Ukupno	100%	-

Source: Authors' calculation based on survey.

The Table also presents the average household incomes of children who provided specific answers. Disregarding those who answered *we live above average* and *we are very poor*, since it is only three children, those who answered *we live like most people* have a higher average income per household member than those who answered *we are poor*. The result makes sense and opens up the possibility that a large share of those who think that they *live like most people* is actually the consequence of comparing themselves to others whose living standard is also low in comparison to the general population. That would, however, mean that surveyed children live in an environment where most people are poor or that they compare themselves only with the poor, although they live in environments in which most people are not poor. Although theoretically possible, these explanations do not seem likely. Namely, even though not all areas of Croatia are developed to the same extent and despite significant differences in poverty among counties, one cannot claim that the poor are so distant from the rest of the population, so that poor children would be surrounded only by other poor children and compare themselves to them. If the poor children are surrounded by their poor and non-poor peers, we would expect them to compare themselves with the latter group. Thus, we think that an unexpectedly high share of children who stated that their families *live like most people* is the result of children's' reluctance to admit their family's situation; the reluctance itself might be interpreted as a defence mechanism of sort.

After assessing their families' living standard, children were offered several statements to assess the extent to which they applied to them. The five possible answers were: *does not apply to me all; mostly does not apply to me; mostly applies to me; completely applies to me; and I do not know/I cannot answer*<sup>16</sup>. Table 3.15. lists the statements and percentages of children who answered that a statement *mostly or completely applies* to them. For the purpose of simplicity, these two levels of assessments are reinterpreted as the percentage of children who stated the statement *applies* to them:

<sup>16</sup> There are no statements to which more than one child answered *I do not know/I cannot answer*.

**Table 3.15. – Children's viewpoints on their subjective wellbeing, thoughts about the future, educational resources and relationships with colleagues at school.**

	Percentage of children to whom the statement <i>mostly or completely applies</i>		
	All children	The poorer	The less poor
I like the way I live.	67.7%	60%	75.5%
I have a positive outlook on the future.	92.9%	90%	95.9%
I have the same opportunities as other children in my classroom.	63.6%	56%	71.4%
I am happy most of the time.	93.9%	94%	93.9%
I do not have a learning space or a space to do my homework at home.	28.3%	36%	20.4%
I do not get enough help with homework at home.	20.2%	24%	16.3%
Children at school treat me with respect.	86.9%	82%	91.8%
Teachers are worse to me than to other children.	13.1%	12%	14.3%
I am proud to show my friends where I live.	74.7%	68%	81.6%
I am ashamed of the clothes I wear to school.	14.1%	18%	10.2%
I am often ashamed for not having everything I need for school.	12.1%	14%	10.2%

Source: Authors' calculation based on survey.

For a vast majority of children, poverty does not make them unhappy: 93.9% agree that they are *happy most of the time*. Although this result, expected or not, seems empowering in the sense that it shows that poverty does not influence the children's subjective sense of wellbeing, one should be cautious with interpretation. This caution stems from the nature of the concept of subjective wellbeing itself. While on the one hand many accept "happiness" and "life satisfaction"<sup>17</sup> as a comprehensive and utter measure of wellbeing of individuals (and, thus, indirectly, of countries) (Layard, 2005), there are authors expressing caution (Sen, 1985). Namely, although much research robustly show the relationship between subjective wellbeing and objective circumstances people face, this does not mean that the levels of happiness expressed in surveys can be used as reliable measures of objective wellbeing (Decancq, Fleurbaey and Schokkaert, 2015). What is key is that people are more or less compliant with the existing conditions, i.e. accepting the existing, even very unfavourable, conditions (Loewenstein and Ubel 2008). Thus, the poor are, in the face of deprivation, capable to learn to enjoy the "little things", which is why their subjective wellbeing is not necessarily much lower than the subjective wellbeing of the non-poor. In other words, the poor can lower their own standards of a good life, which is a type of internal defence mechanism. The so called affective aspects of subjective wellbeing are most susceptible to adaptation, as these tend to reflect the current mental state, such as "happiness". The fact that there is no significant difference between the poorer and less poor children (94% with poorer and 93.9% with less poor children) agreeing that they are happy most of the time can be interpreted in this light.

<sup>17</sup> There are numerous surveys with questions such as "How happy are you on a scale from 0 to 10, where 0 is extremely unhappy, and 10 is extremely happy?" Similar questions are asked about "life satisfaction".

The second aspect of subjective wellbeing, namely, the “satisfaction with life” is less prone to adapting to the current objective living conditions. Unlike “happiness” expressing the so called affective aspect of subjective wellbeing, “life satisfaction” reflects an evaluational or cognitive aspect. In other words, it is less about how a person is feeling at the moment, and more about how the person sees his/her life from a rational perspective, weighing the good and the bad. Among the statements in the children’s survey, it seems that *I like the way I live* may reflect precisely this evaluational aspect, as children would probably interpret it in the same manner as they would interpret *I am satisfied with my life*. A little bit more than two thirds of children (67.7%) agree that they like how they live, which is considerably lower in comparison to the 93.9% who agree that they are happy most of the time. This could be a result of the (dominantly) evaluational nature of the former and the (dominantly) affective nature of the latter statement. In other words, it is possible that children, when thinking about whether or not they like the way they live, also take into consideration the objective characteristics of their lives, one of which is poverty, while in the case of the statement claiming that they are happy most of the time they are not considering the objective circumstances. Corroborating this is the fact that those who like how they live are fewer in numbers among the poorer (60%) than among the less poor (75.5%). Since there is a significant difference between the poorer and the less poor, it is certain that the difference is even bigger between poor children and children in the general population.

Among the remaining statements, most agreement among children (92.9%) was reached with the statement “I have a positive outlook on the future”. Thus, despite the current deprivation, a large proportion of children have hopes of a better future. Although this statement is too vague for us to find out whether a positive attitude towards the future means optimism in the possibility of reaching a higher material standard, given the poverty that these children are facing, we can assume that precisely this optimism is one of the key factors in their positive outlook on the future. The fact that this is a bit more prevalent among the less poor children is in line with such an interpretation.

A little less than two thirds (63.6%) of the children agree that they have the same opportunities as other children in their classroom. The intensity of agreement with this statement may be interpreted as an indicator of the perception of the relative living standard of poor children in comparison to children in the general population, assuming that the group “other children in classroom” at least approximates the general population of children of the same age. It should be noted that the share of children agreeing that they have the same opportunities as their classmates is very similar to the share of those who stated that they liked the way they live. Asking the children to compare themselves to the rest of the class actually means encouraging them to use their evaluation capacities. Thus, the answers could be interpreted more along the lines of evaluative rather than the affective aspect of subjective wellbeing. Therein is the similarity between the share of children who like how they live and the share of the children who think they have equal opportunities as their classmates. This statement also showed a significant difference between the poorer and the less poor children: a smaller percentage of poorer ones think their opportunities are equal to those of their classmates.

Unlike the previous four statements, where it is not very clear how to interpret them as we do not know how the children actually understood them, the remaining statements in Table 3.15 are quite specific. The first two have to do with opportunities concerning education. A little less than a third (28.3%) of surveyed children agree with the statement that they do not have a dedicated learning space at home, while a fifth (20.2%) agree with the statement that they do not get enough help with



homework at home. The lack of a learning space is a bigger problem for the poorer children (36%) than for the less poor (20.4%), which clearly reflects the link between poverty and lack of space, as one of the dimensions of the quality of housing. According to their own accounts, the poorer children also have more problems concerning the help with homework that they receive at home: among the poorer children a quarter stated this, whereas among the less poor children the share was a fifth. The latter result should be interpreted taking into consideration the fact that the parents of the less poor children are on average better educated, thus more capable of helping children with school work. However, we must bear in mind that the surveyed parents are on average less educated, and that almost half of them did not get any education post primary level.

There are two statements dealing with the perceived relations with teachers and other children at school towards the surveyed poor children. A vast majority of them (86.9%) do not find their treatment by their classmates problematic, i.e. they agree with the statement that other children treat them with respect. We can assume that for the children “treatment with respect” means that they are not bullied or marginalized on account of their low living standard, which is the reason why their parents cannot afford goods that are for the large part a status symbol – more expensive clothes, cell phones, paid extracurricular activities, etc. The fact that a vast majority of children think that other children treat them with respect despite their poverty, might lead us to conclude that poverty does not have a significant impact on the behaviour of other children towards poor children. However, if we look at the difference in answers between the poorer and the less poor children, it is clear that such a conclusion would not be valid. Namely, the poorer children express a significantly lower level of agreement with the statement that their classmates treat them with respect: 82% vs. 91.2% respectively. In other words, if the children’s assessments are reliable, there seems to be a significant income “gradient” of the perceived respect on the part of other children: the poorer children feel less respected by other children.

Similar to relations with classmates, a vast majority of poor children do not find their teachers’ treatment of them problematic. Only 13.1% of children agree with the statement that teachers treat them worse than other children. This, of course, does not mean that these 13.1% are correct; it is possible that poor children are somewhat below the grade point average of the class, implying that poorer children get lower grades, which children may interpret as worse treatment on the part of teachers. In either case, here the income gradient is missing: the share of children agreeing that their teachers treat them worse than others is equal in the poorer and less poor groups of children. It seems that teachers do not discriminate on the basis of material status (or at least they do not discriminate against poorer children in comparison to other children).

Poverty can have a negative impact on children, making them feel ashamed in front of other children, since their parents cannot afford some necessary goods or content or status symbols. Three quarters of surveyed children (74.7%) are not ashamed of their house or flat: they agree with the statement that they are proud to show their house to their friends. One part of the sample of poor children are ashamed of the clothes they wear to school (14.1%), and a similar percentage state that they do not have everything they need for school (12.1%). While it may be considered worrying that a quarter of the children are ashamed of their home, it is hard to judge whether the results concerning shame of clothes (which is also a status symbol to an extent) or school-related supplies are equally worrying. The latter not because these two causes of shame are less important, but because it is difficult to say whether the shares of those feeling shame are cause for concern. However, it should be noted that, just as was the case with most other statements, that there exists

an income gradient: the poorer children are relatively more ashamed. Regardless of whether we find the percentages of ashamed children worrying or not, the existence of the income gradient is a cause for concern, as it indicates that poverty has a very specific impact on the children's emotional state.

In the parents' survey parents were asked about the expectations they had concerning the levels of education of their children. A similar question was posed in the children's survey. Specifically, children were asked about their future plans in regard to education and future employment. There were three answers to choose from: *finish high school and get a job; finish a college or university and get a job; get a job as quickly as possible, regardless of finishing school*. The results are presented in Table 3.16. Most children (62.6%) plan on getting a high school level education and then getting a job. Among the rest, almost all (31.3%) plan on getting a job only after they finish college or university, while a very small percentage want to find job as soon as possible, regardless of the level of education they attain.

It is interesting to compare these figures with those from the parents' survey (see Table 3.12), to see the extent to which parents' and children's expectations match. Most parents and most children expect a high school level education, and in this sense the results match. However, parents' expectations are higher than those of the children: whereas 42% of parents expect their children to get a tertiary education, the share of children expecting this is 10 percentage points lower. Higher expectations on the part of parents is probably a consequence of experience, teaching them of the importance of education, given that they themselves are on average poorly educated. They are aware that education is appreciated generally and that it can ensure a higher socio-economic status in society, along with the benefits of this status. In other words, parents expect an upward socio-economic mobility more than children do.

**Table 1.16. - Children's plans for the future**

	<i>All</i>	<i>Poorer</i>	<i>Less poor</i>	<i>Parent with lower education</i>	<i>Parent with higher education</i>
<i>Finish high school and get a job.</i>	62.6%	62%	63.3%	62.3%	56.8%
<i>Finish a college or university and get a job.</i>	31.3%	30%	32.7%	25.5%	38.6%
<i>Get a job as quickly as possible, regardless of finishing school.</i>	6.1%	8%	4.1%	7.3%	4.6%
<i>Total</i>	100%	100%	100%	100%	100%

Source: Author's calculation based on survey.

Regarding the income gradient, it seems to be present, as evidenced by the fact that the share of those planning on getting a job as soon as possible is almost double among the poorer children (8% vs. 4.1%). The other type of gradient, that concerning the parents' level of education is much more pronounced, as would be expected. Although children of both lower and higher educated parents mostly expect to get a job after finishing high school, the share of those planning to go to college prior to employment is higher among children whose parents have higher levels of education (38.6% vs. 25.5% for children of parents with lower education).

Future plans are one thing, and their fulfilment a completely different thing. After having answered on their plans concerning education, the children were asked about the possibilities of making these plans happen, i.e. on possible obstacles they might face (Table 3.17). A surprisingly high number of children (29.3%) do not think they will face any obstacles in attaining the planned level of education.



On the other hand, given that these are children from households with very low incomes, it is not surprising that more than half (53.5%) of the children find lack of money to be the obstacle. Regarding other obstacles, the number of children identifying them is significantly lower in comparison to lack of money. Other obstacles mentioned most often included the lack of real opportunities in their surroundings (17.2%), and to a lesser extent the lack of good information and advice (10.1%) and lack of required qualifications (9.1%). Family obligations were mentioned by only 3%, followed by 2% stating “something else”. As was expected, the poorer children mentioned lack of money as an obstacle more frequently than the less poor (64% vs. 42.9%). With other obstacles, the income gradient is found in the lack of good information and advice and the lack of real opportunities in their surroundings. It should be noted that in the latter case the gradient is inversed in the sense that poorer children mentioned it less often as an obstacle. This is, however, directly linked to the fact that poorer children mentioned lack of money more frequently. A more pronounced gradient in terms of parents’ education level is visible only in the lack of good information and advice; children whose parents have lower levels of education mentioned this obstacle more often (14.5% vs. 4.5%). We can also assume that the difference is there because parents with higher education generally know more and are better informed, enabling them to take a more active and constructive role in directing their children through the education and employment process.

**Table 3.17. – Obstacles in fulfilling children's plans**

	All	Poorer	Less poor	Parent with lower education	Parent with higher education
Lack of money	53.5%	64%	42.9%	54.5%	52.3%
Nothing	29.3%	24%	34.7%	29.1%	29.5%
Lack of real opportunities in my surroundings	17.2%	12%	22.4%	14.5%	20.5%
Lack of good information and advice	10.1%	10%	10.2%	14.5%	4.5%
Lack of correct qualifications for the job I want	9.1%	12%	6.1%	10.9%	6.8%
Family obligations	3%	4%	2%	1.8%	4.5%
Something else	2%	2%	2%	0%	4.5%

*Note: Multiple choices were allowed.*

*Source: Author's calculation based on survey.*

### 3.3 Conclusions

In this part of the research on child poverty and household coping strategies in Croatia we implemented a survey on a sample of 207 households - recipients of the guaranteed minimal income, in which there is at least one child of school age. In each household one parent was surveyed, while in 99 of those households one child was surveyed. The survey collected data on basic socio-demographic and economic characteristics of households and household members, on their sources of income, on difficulties stemming from poverty, on different strategies of coping with poverty and the effects of poverty on children, both in terms of current condition and in terms of the potential for their future development. Although the sample is non representative, firstly geographically, we do not think that this significantly reduced the usefulness of findings and the possibilities of their generalization.

Poor households with children, who for the purposes of this part of the research were identified as recipients of the guaranteed minimal income (GMI), have a very low disposable income (expressed per household member). The earned part of the income is very small; income almost exclusively

derives from social transfers, mostly the guaranteed minimal income and, to a lesser extent, child benefits. Although such income structure was determined by the very criterion for identifying poor households with children (recipients of GMI), we can assume that identification of the poor based on some other reasonable criterion – for example using the sufficiently low poverty threshold – would have yielded a similar income structure. The results confirm the popular general impression that socially deprived people enjoy a higher number of different benefits, but they also demonstrate that apart from the GMI and child benefits, these are very low amounts. Additionally, judging from the subjective assessments of respondents, in order to “make ends meet” on average they need almost double the amount of income from that which they currently have at their disposal.

In order to get more money, a significant number of households borrow it, mostly from families, relatives and friends. To a lesser extent they take out bank loans, mostly higher purchase ones, with the monthly instalments eating up on average a third of the income per member. In order to earn more money, some occasionally perform odd jobs, most likely in the non-formal sector, and more often in rural settlements, probably connected to the higher demand for such jobs in smaller settlements. A significant number of households resorts even to selling items from their household, while among those who sold nothing the dominant group are those who had nothing to sell.

Generally, when asking for financial assistance, they turn to family, relatives and friends, and only later to different institutions and organizations, most often the Centre for Social Welfare. This is in line with the finding indicating that respondents feel that in terms of assistance they can firstly rely on family and friends and the Centre for Social Welfare, and to a significantly lower extent on other institutions and organizations. In comparing the effectiveness of the assistance of family, friends and institutions, the former is more effective, according to respondents. Assistance by institutions and organizations are more often used by those living in bigger settlements, certainly due to availability, given that in most smaller settlements many of them are not present at all (shelters, social supermarkets).

As was expected, regular payments for utilities proved to be a major difficulty for the poor. Due to their poverty, most are often late with payments for utilities, especially the poorest ones and those living in larger settlements with a higher number of utilities to pay and a lack of cheaper substitutes. Often, due to belated payments, utilities get cut off, mostly electricity. Savings by means of decreased usage of certain utilities are a frequent practice.

Concerning satisfying nutritional needs, a part of the households partially fulfils these needs from their own production of vegetables, fruit and meat. Such production is, expectedly, present dominantly in smaller settlements. Additionally, sometimes they get food from other people. From time to time some household members go to sleep hungry, predominantly parents scarifying themselves in order to fulfil nutritional and other needs of their children. The problem with food is much more present in larger settlements, probably due to inability or very limited possibility of own food production.

A part of the parents cannot afford certain goods for their children, even though they would like to. In this sense it is especially worrying that a significant number of parents cannot afford the basic goods, such as fresh fruit and vegetables, new clothes, own bed or a learning space – goods deemed by practically all parents to be necessary for children. Additionally, it is very worrying that among the least affordable items are those linked to children’s socialization opportunities with their peers, such as cell phones, vacation away from home, children’s parties, going out, appropriate amount of

pocket money, and the like. The fact that parents consider these items less necessary than the basic ones, such as food and clothes/footwear, is by no means a mitigating circumstance in this case.

When it comes to education, parents' expectations of their children are very high – almost half expect their children to finish college or university. At the same time, most parents are generally optimistic concerning their children's possibilities to fulfil those expectations. Given the material conditions in which they live, the high expectations and optimism are probably more a sign of hope than realistic possibilities. Parents also expressed a readiness to sacrifice something in order to be able to afford university level education. They were also reluctant in choosing "winners" among their children, namely, ensuring the education of one child at the expense of others. Additionally, they are not prone to encourage their children to get a job as soon as possible, regardless of education. Expectedly, better educated parents have higher expectations and are more optimistic regarding their fulfilment.

Although objectively speaking they live in poor material conditions, three quarters of children think that their family lives "like most people do". It is not entirely clear whether children have a distorted picture of reality, or if they are aware of the reality, but are unwilling to accept it, thereby using this lack of recognition as a defence mechanism. However, almost none of the children think that their family lives above average or in wealth.

A vast majority of children are not unhappy, despite the poverty. This, however, is not a finding allowing the conclusion that poverty has no effect on children's wellbeing, since it is well known that happiness reflect dominantly the affective aspect of wellbeing. Corroborating this is the result indicating that children are considerably less satisfied with their lives, then with their happiness. Satisfaction with life (as opposed to happiness) is in principle more reflective of the evaluational aspect of wellbeing, which entails an objective comparison with others.

Concerning education, and in line with parents' expectations, most of the children plan on finishing high school and then getting a job. However, children's plans differ from those of the parents in as much as there is a smaller percentage of children planning on getting a tertiary education in comparison to parents' expectations. Somewhat inconsistently with the perceived living standard of the family, children seem to be aware that poverty might be an obstacle in fulfilling their educational goals, as reflected in the fact that lack of money is the single most significant obstacle identified, surpassing by far all other possible obstacles.

Although a more complete picture of the effects of poverty on children would need a comparison (based on an objective criterion) between the poor and the non-poor children, the results of this research suggest indirectly that the effects are real and considerable. Namely, the comparison between the answers of the poorer and the less poor children (depending on whether their household's income is below or above median) showed that in many cases there are significant differences between these two groups, whereby the poorer children are, of course, in a worse position. These results indicate that the difference between the poor and non-poor is probably even larger.

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## Chapter 4 - Responses from Focus Groups and Individual Interviews

In January and February 2017, three focus groups and three individual semi-structured interviews were held, involving a total of 20 people, all previously surveyed as recipients of GMI. Of the 20 participants, 17 (85%) were women. The four locations, Zagreb, Čakovec, Karlovac and Sisak and its surrounding areas were chosen based on three criteria:

1. there were sufficient numbers of beneficiaries expressing a willingness to take part in focus groups;
2. the locations were within a day's drive of Zagreb; and
3. each location offered a different sub-sample of participants.

In Zagreb, the majority of participants were lone parents; in Čakovec, the majority were from households with three or more children; in Karlovac, the majority came from war-affected areas; this was also the case in Sisak and its surrounding area but the main criteria was the inclusion of rural households. This, in fact, mitigated against holding a Focus Group in Sisak and necessitated individual interviews since two of the three participants lived a considerable distance from Sisak.

All Focus Groups and interviews were recorded and transcribed, and all participants gave their permission for this. Each Focus Group lasted about 75 minutes and individual interviews lasted between 35 minutes and 50 minutes. All discussions were based on a semi-structured interview schedule reproduced as an appendix to this report. As a result of unforeseen circumstances a child of school age was present in one individual interview and, hence, for ethical reasons, questions concerning the impact of living on a low income on children were not asked in this case. After being transcribed, quotes were chosen which, broadly speaking, fell into one of six categories:

1. General impacts of living on a low income on families; support structures and networks; prioritisation
2. Impacts on children; prioritising one child over others
3. Impacts on education and job prospects
4. Formal support: CSWs, NGOs, school
5. Advice to others in similar situations
6. Advice or messages to politicians and policy makers.

The quotes used below are representative of statements made by many respondents, and/or illustrative of certain issues not brought out in the survey material and/or offer a more nuanced understanding of coping strategies than that which can be captured by surveys. The quotes are identified by place and not by personal characteristics. The quotes are arranged in terms of twelve themes which emerged from the initial coding based on the categorisations above.

The idea that “focus groups are well-suited to exploring ‘sensitive’ topics” (Wilkinson, 2015; 199) was borne out by this research. Indeed, in at least two groups, respondents commented that the exchange of information and experiences had been both valuable in a practical sense and empowering. In some ways, individual interviews allowed for more elaborated accounts but, inevitably, did not produce the kinds of ‘synergies’ which are a noted feature of focus groups. Both methods allow for a much deeper sense of poverty as ‘lived experience’ impacting on relationships, internal and external dynamics, values and norms, and achieved and ascribed representation (cf. Daly and Kelly, 2015; chapter 1). The writing up of material from Focus Groups and interviews is an attempt to remain true to “the stories, images, explanations, and experiences” (Morgen et al, 2010;

13) of those who participated. At the same time, of course, the choices made as to what to include and what to leave out reflect the perspective and positionality of the researchers. As the study quoted above concludes, we would also assert that:

*“Whilst our stances and practices as researchers were not “objective” (in the positivist sense of value neutrality), we have tried to convey accurately what we learnt from the people who so generously gave of their time to talk to us ...” (Morgen et al, 2010; 207).*

#### **4.1 Informal Support Networks and Structures**

As the following quote suggests, whilst informal support networks are important, the danger of relying on them over a long period of time rests on the inability to pay back any loans offered and the possibility of shame and stigma in the absence of the ability to reciprocate:

*“It’s easy to borrow 100 or 200 kuna from someone, but it’s hard to pay it back, and then I am ashamed when I look them in the eye.” (Čakovec)*

Quite often, ‘getting by’ involves quite complex extended chains of support and reciprocity:

*“We always find a way through somehow. I buy things for the house, wood for fuel, my dad pays for some of the utilities. If we are really in a tough spot, I call my two sisters in Ireland, but we make sure that as soon as we have some money we pay that back.” (Sisak and surroundings)*

Sometimes, individual acts of kindness and friendship have a significant impact, not least in the context of generalised indifference:

*“My dad has a garden and he sends me food and a former work colleague invites me to lunch once a week and that is a great help. Most other people have turned their backs on me or every other word they say is “things will get better”.” (Karlovac)*

#### **4.2 Formal Support Networks and Structures**

Despite a common perception in the public domain of a wide range of support structures accessible to people on low incomes, what became clear from Focus Group discussions and individual interviews was that these offered only rather scant support, often bound by quite rigid rules and, could even be ‘more trouble than they were worth’. The three quotes below are fully representative of a wider range of sentiments expressed:

*“You need to decide, either from the City or from Caritas. If you get a packet from one, you can’t get one from the other.” (Zagreb)*

*“I went to the Red Cross with a friend. She is on her own and I have five children, but we got the same packet: a litre of cooking oil, sugar, flour, toothpaste, salt and noodles for soup. I won’t go again because I have to pay someone for petrol for taking me.” (Sisak and surroundings)*

*“There exists a social supermarket but the criteria are too strict there.” (Karlovac)*

### 4.3 Making Priorities

Most of the discussions about the need to make priorities when on a low income followed the broad findings of the survey, not least in terms of tactical decisions about which utilities to pay:

*“You need to pay first that which they will cut you off if you don’t. Electricity is dangerous; with gas bills you can still negotiate. Electricity is really tricky – if you are late barely two months then the warning comes immediately followed by them cutting you off, there is really no way to negotiate with them.” (Zagreb)*

In addition, of course, those who are tenants face additional financial obligations and an even more complicated juggling of priorities:

*“You need to first pay electricity and water bills. If you don’t pay for your flat then you end up out on the street. You take it from there, you buy food if there is still some money left; if there isn’t, then you go back to the Centre for Social Welfare.” (Čakovec)*

Interestingly, and as borne out by the survey, having meat available is particularly important and crucial in terms of children’s needs:

*“You have to first pay the utilities. But if my kids come to me and tell me that they are hungry you can’t tell them to wait until the social money arrives. We buy two pigs at the start of the year so that throughout the whole year we have meat in the house.” (Sisak and surroundings)*

One unexpected concern, expressed by several participants living in rural areas or in houses with old wooden heating systems, was the fact that allowances for wood over the winter were nowhere near enough to cover heating needs. Two quotes are representative of many in this regard:

*“You get 800 kuna for wood but this year I had to buy about 21 metres for 300 kuna per metre. I know a guy who will let me pay in instalments. Does this state really think that for 800 kuna you can buy wood and heat your house for the whole winter?” (Čakovec)*

*“When we got wood from the city authorities some got more and some got less. When it’s a harsh winter you can do nothing, for 700 kuna you can get about 2 metres and what can you do with that?” (Karlovac)*

### 4.4 Impacts on Children

Although not differing significantly from the responses in the survey, participants referred to the impacts on children of living on a low income in a number of different ways, adding poignancy and specific illustrations of the stigmatising effects of poverty and of strategies for coping with this. As one parent stated:

*“My son and I are alone and he understands that he really can’t ask for something which he wants but which I cannot afford. ... In first grade they mocked him – you don’t have this toy, you don’t have the newest computer but I said to him, son, you will always have food and shoes.” (Karlovac)*

A number of participants referred to peer pressure at school, along the following lines:

*“I just can’t make it possible that he has the same as his friends at school. Kids are always commenting on the kinds of clothes you come to school in.” (Čakovec)*



As will be discussed later, the issue of stigma combines often with a distinct disadvantage at school compared to their peers for children living in low income households:

*“My daughter was 13 and she wanted to make herself up and she did not have trousers like the others and so they made fun of her. She came home in tears but I told her “hold your head high” and then the next month I bought her trousers. She also wants a computer but I really can’t afford it.” (Sisak and surroundings)*

#### 4.5 Prioritising amongst One’s Children

Particularly in larger families, difficult decisions about how to meet the needs of children may result in meeting one child’s needs before that of others. However, as also confirmed by the survey, prioritisation usually involves sacrificing one’s one needs as an adult in favour of those of one’s children, thus:

*“It always ends up in conflict if I give to one and not the others. In the end, I try to give all four 20 to 30 kuna, and then I try to cutback for myself that month, I will not buy medicines or something else.” (Zagreb)*

A number of participants made that point that older children had greater needs and that sometimes this would have impacts on sibling relationships, as in the following quote:

*“The problem is that the older child has greater needs, and he is more expensive. The younger one is jealous of the older one.” (Zagreb)*

Similarly, judging whose needs were greatest had, usually, to be balanced with an explanation for those children who had to wait for things:

*“It’s hard, because each of them asks for things and I have to look at who needs are the most urgent. Then it has been known to cause anger and the like, but I explain that next time it will be one of the others who gets things.” (Sisak and surroundings)*

#### 4.6 Rites of Passage Activities

Even beyond the need to meet sudden, unexpected, payments, a constantly recurring theme mentioned by participants related to what can be termed activities which are a kind of rite of passage for their children: be these first communion, a school trip, or a school graduation event. The cost of these had to be balanced against what could be bought instead and, on the other hand, the fact that the events could never be repeated in the future, i.e. were ‘one offs’ and missing them would be remembered for the rest of their lives by the children affected. Sometimes even relatively small amounts of money could cause considerable anger:

*“Communion, that really made me angry. The priest insisted on payment for hiring a dress regardless on social status.” (Zagreb)*

Sometimes, not being able to afford a school trip for a child was seen as just another example of the child having fewer opportunities than her or his peers:

*“My son should be going to the seaside now, but we cannot afford to pay for the trip. He says that he wants to take part in sports activities and needs to travel by bus. Maybe it would be more peaceful at home if he could take part in those activities.” (Čakovec)*



Ultimately, stark choices about whether the expenditure could be justified often had to be made:

*"School in nature, for that you have a right to get support. For me the problem now is that my son is due to have his graduation excursion which costs 1,850 kuna. And you can't send your child on that without at least another 400 kuna pocket money. So what do I do now? Should I ask a friend to borrow it on her credit card and I will pay it back over a year or so. And I am thinking about all the things I could buy with that money compared to what he will see in three or four days." (Karlovac)*

#### **4.7 Long-term Impacts on Children**

Parents expressed an awareness, and fear, of a cycle of disadvantage repeating itself from generation to generation:

*"I speak openly to the children that one day they won't be on the social. This is my only fear because I would not want my children to bring up their children on the social." (Čakovec)*

Sometimes, the loss of a kind of 'happy go luck' childhood was seen as one of the most important legacies of children growing up in low income households:

*"Here you have children who have to learn from an early age that maybe there will be money for some things and maybe not. That's awful, they can't have a worry free childhood." (Karlovac)*

On the other hand, a number of participants expressed a view that, in contrast to the taken-for-granted consumerism of many children today, children living in households with a low income had more respect for possessions and an understanding of their situation:

*"The thing that makes me happiest as a mother is that my children are not constantly asking for mobile phones, sneakers, tracksuits, but when we see things on sale, we go for them. This is how I have brought them up." (Zagreb)*

#### **4.8 Relationships with School Personnel**

One of the issues discussed by all participants was the importance of understanding, or lack of it, of the family situation by school staff which could make a huge difference in terms of children's school experiences. Some school personnel were perceived negatively by parents:

*"We didn't have a computer and there was simply no understanding about that. The teacher at the end of half term gave my daughter a one<sup>18</sup>." (Karlovac)*

In the context of wider experience, moments of generosity and understanding by teachers are especially well regarded:

*"In the beginning we didn't have all the school books and my little daughter came to me and said look the teacher gave me the books. ... Now we have succeeded that she gets books through the city. When I look at other schools I see that here they really understand" (Čakovec).*

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<sup>18</sup> A fail grade.

In low income households, a lack of understanding by school personnel can have significantly negative consequences, even if the situation described here is exceptional:

*“My daughter was a really good pupil and then they moved her into a different programme in the gymnasium (high school) and then she needed different books. I asked the teacher if we could exchange the books she had for the new books she needed but she didn’t want to do it. And now she is failing at school because she doesn’t have the books, she has to repeat a year and no longer has a right to a stipend. So we have enrolled her in a trade school instead.” (Čakovec)*

#### **4.9 Fears for the Future**

Notwithstanding the large measure of resilience showed by children in the survey, many participants feared for their children's future, both in terms of education and future employment. In a number of cases, the importance of scholarships issued on social grounds were mentioned:

*“It’s a sad story when you have to think today about where your children will sign up for secondary school. At the moment my son says he wants to go to secondary school and after that he might go to university and I know that I won’t be able to afford that. We hope that he falls within the group of children who receive scholarships, either from the city or the state, but it’s a lottery because only a very few get them and connections<sup>19</sup> are important as usual.” (Karlovac)*

Migration was mentioned by a number of respondents as the only possible ‘exit’ strategy:

*“My children have less of a chance because to get employment you need connections (‘veze’). My daughter wants to go to hairdressing school but there isn’t one around here. I told her that it’s best that she finished at least three years of secondary school, and then goes abroad because there is no work here.” (Sisak and surroundings)*

#### **4.10 Relationships with Centres for Social Welfare (1): single payments**

The system of single payments, administered by Centres for Social Welfare, was an issue which was discussed heatedly in a number of the focus groups, not least because it seems to be failing in its purpose of being a flexible response to sudden, unexpected, expenses:

*“When you receive social assistance you have the right to receive an exceptional payment three times a year. So I go there and she (my social worker) gives me a pile of papers to fill in. And I really lose my will to go on – who is going to process all this paperwork? (Zagreb)*

Another participant made clear how the ‘right’ to exceptional support could be built in as a relatively sustainable survival strategy, thus:

*“We save our exceptional payments for really unexpected expenses. You have to provide receipts.” (Karlovac)*

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<sup>19</sup> The Croatian word used was ,veze’.

Although such support could help cover large single expenses, delays in payment were mentioned frequently as an issue:

*“Now my son is going on his graduation trip. Free places have been reserved for twins in his class. So I asked for an exceptional payment from the Centre<sup>20</sup>, got all the papers to fill in and they awarded me 1,000 kuna, but I didn’t actually get the money until December.” (Zagreb).*

The Law makes clear that exceptional payments can be in cash or in kind. Some respondents specifically asked for payment in kind, precisely as a result of delays in receiving cash payments:

*“My social worker is really great. Every time I come for exceptional payments she never says no to me. But I take it in food and not in cash because after you make the request it can take three months before you get the money.” (Sisak and surroundings)*

#### **4.11 Relationships with Centres for Social Welfare (2): the importance of the social worker**

Although many participants complained of the bureaucratisation of Centres for Social Welfare, including the enormous amount of paperwork, a majority of respondents were positive or extremely positive about their own social worker. This was especially pronounced when social workers interpreted their role as supporting users in obtaining a range of rights, thus:

*“My social worker is good and directs me to where I need to go, and I ask her if anything has changed such as whether I can receive a coupon to cover the cost of electricity.” (Karlovac)*

In rare cases, social workers seemed to offer support way beyond their formal job descriptions:

*“I have always had the same social worker and we are already quite close<sup>21</sup> and I can say nothing bad about her because she really tries her hardest even if she is a bit slow. She even rings me outside of work ours, and says that I should just tell reception that I have an agreed meeting with her. When you come to the Centre there is always a terrible queue with around a hundred people waiting.” (Sisak and surroundings)*

As noted earlier, negative relationships with social workers appeared to be as much about the rules of the system as about the social worker themselves, thus:

*“I really don’t know if those people are educated to be like they are, or if it just doesn’t interest them, or if it’s a directive. Why does OIB<sup>22</sup> exist if not to connect everything. They know my income, how much I get. So how the hell is it possible that for everything I ask for, for the children, I have to answer if I have a house, a flat, property, and they can see that I have nothing. It kills you.” (Zagreb)*

<sup>20</sup> Centre for Social Welfare

<sup>21</sup> The words used were: „mi smo već na ti“, meaning that the two already addressed each other using the informal form of you (ti) rather than the more formal (Vi).

<sup>22</sup> Personal Identification Number

#### 4.12 System and Rules

Intimately connected with perceptions of social workers, as noted above, are views about the nature of the system and its rules. Many participants made the point that if they did not work in the informal economy it would be impossible to make ends meet, reinforcing the results of the survey. This and the legal limit on receiving ZMN if in possession of a car were frequently mentioned by respondents. In one case, even informing one's social worker of additional income did not result in sanctions but the threat appeared omnipresent:

*"If you work some job you can lose your rights. Here, for example, I helped a neighbour tend their garden and I told my social worker about it and she told me to keep quiet otherwise she would have to write it down and I would lose my social assistance. My sister while she is in Ireland has lent my dad her car. It's not our car but I really also worry that no one should see it. The car is useful to us because my father has a high risk of a heart attack and there are kids around and what can you do without a car?" (Sisak and surroundings)*

Concerns about the rule relating to cars, which are allowed in exceptional circumstances such as where there is a household member with a disability, was particularly expressed by participants from the Roma national minority, thus:

*"I don't get social assistance any more, they took the right away from me because you are not allowed to have a car. The car concerned isn't worth more than about 5,000 kuna today, think about it, it's a car from 1993 and it's in a really bad state." (Čakovec)*

#### 4.13 Advice to Policy Makers and General Conclusions

There was a general concern expressed by participants that they remained under-informed about their rights. Indeed, a number of participants felt they had learned more from exchanging experiences with others in a similar situation than they did from Centres for Social Work. One participant expressed the need for system reform so that there is a kind of 'one stop' or 'first stop shop' in ways which were at least as articulate as those of policy makers advocating similar changes, thus:

*"It's a shame that here there is not a single institution which people can come to, whether they are social cases or whatever other problematic. There needs to be an institution created which says: "Look, you can get this and this from the social welfare system, but go to the City authorities and you can realise these rights, go to this institution and you'll get this and this." (Zagreb)*

The failure of cash benefits to keep pace with the cost of living was a concern expressed by a number of participants who, whilst sometimes exaggerating, were not far from the true picture:

*"Social assistance has remained the same for the last ten years and every day things get more and more expensive. Here, child benefit is 290 kuna and that hasn't changed for 20 years." (Sisak and surroundings)*

Two final quotes express the exasperation of respondents with the system, and their lack of political or any other 'voice', thus:

*“Someone representing our people who have problems should be in the Croatian Parliament (Sabor).” (Karlovac)*

*“Today connections and who you know mean a lot and if we had them we wouldn’t be here.” (Karlovac)*

Overall, although the Focus Group discussions provide only a snapshot of opinions at one moment in time, it is clear that they add value to the survey data and give a clearer indication of the difficult choices parents, in this case mostly mothers, face in prioritising needs and coping with bringing up children on a low income. In future, longer-term tracing of the views of different sub-groups of households would shed more light on varieties of coping strategies and their antecedents.

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## CHAPTER 5 - Conclusions and Recommendations

In this concluding part we summarise the key findings of the analysis presented in the previous chapters, followed by recommendations for policy makers and other stakeholders.

### 5.1 Summary of Results

The results of the statistical analysis (using EU-SILC data) show that poverty should be considered in the context of the overall very low disposable income of the population and children in Croatia, when compared to other countries (EU/EFTA countries), as well as in comparison with the low disposable income of the population at risk of poverty and poor children (i.e., for the population and children with less than 60% of the median equivalent income). This is definitely a context that has a negative influence on the quality of life of the entire population, and especially of the poor. According to relative poverty rates, Croatia is somewhat above the average rate of other countries analysed here; the percentage of children at risk of poverty is somewhat higher than the percentage of the poor population, which was not the case in Croatia prior to 2011. This analysis, as well as previous ones (cf. Šućur, 2006., 2014, Šućur et al. 2015), showed that among the poor population a higher share is made up of families with a higher number of children, single-parent families, households with fewer employed and households with a lower level of parents' education. Furthermore, the analysis additionally confirmed the stagnancy of poverty in Croatia. Croatia has a very high long-term child at risk of poverty rate, indicating the probability of a poor child remaining in poverty for a number of years.

Additional insight into the lives of poor households was also provided by the survey conducted in households which were recipients of the guaranteed minimal income (GMI), including adults and children aged 13-17. Although the sample was not representative and in many ways we are really talking about the poorest of the poor<sup>23</sup>, the results confirm extremely harsh living conditions of such households. These are households with an extremely low educational structure, a significant share of single parents (mostly mothers) and/or a higher number of children, dependent almost entirely on social transfers from the state (GMI and child benefits). The strategies of coping with poverty include borrowing money mostly from family, relatives and friends, bank loans (mostly higher purchase), and occasional additional earnings, but also delays in paying for utilities (leading to disconnections of utilities, especially electricity and gas supply), lacking a set of goods considered to be less of a priority (although not unimportant) all the way to hunger in order to satisfy the needs, especially those of the children. Family and friends are a more important source of support in comparison to institutions; among institutions Centres for Social Welfare are the most important. The low share of assistance of other institutions, especially local authorities and civil society is certainly noticeable. The survey showed that parents are relatively optimistic with regard to their children's educational attainments, whereas children are somewhat more realistic in this regard. Even though the reality is quite different, since other relevant insights show that the chances of attaining the projected educational goals are close to none, this might prove to be a good starting point for change, if parents are offered concrete assistance in their children's educational goals. Similarly, relative resilience is demonstrated by the children's viewpoints of their living an average life. This can be a

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<sup>23</sup> According to MDFYSP data, GMI in 2015 was received by 102,297 persons, which is significantly lower than the 20% of the population which is at risk of poverty.

potential for change only if the children are provided specific, concrete assistance in reaching their goals, however

The focus groups provided a more in depth insight into coping strategies, the real dilemmas and problems of such families and the consequences of growing up in harsh circumstances. It is evident that representatives of households with whom we talked (predominantly women) are struggling in different ways in order to ensure the basic living conditions for their household' members, especially children. However, this is almost an impossible task. For example, each borrowing of money entails paying it back, yet it is almost impossible to get additional income or expect a positive change in the near future. Balancing between demands and possibilities entails different treatment of one's children, as well as teaching them that they cannot expect that which is available to their peers. A large problem arises with additional needs and activities (e.g. school trips, availability of Internet in connection to school work), since the inability in attaining them reduces educational prospects, and also results in social exclusion. In this regard, institutions sometimes show flexibility, and sometimes do not, whether for formal reasons (inflexible administrative rules) or due to a lack of sensitivity on the part of individual employees. This is precisely the area where change is possible, even if significant changes in the material status of such households cannot be expected (since perspectives of employment/additional income are low and since a significant increase of social transfers is unlikely).

## 5.2 Recommendations

### 5.2.1 A Specific Focus on Child Poverty

Both the idea behind this research and its results clearly indicate the importance of a continuous specific focus on child poverty. The issue of public attention on poverty in Croatia is a matter for debate, yet specific measures for reducing poverty and their periodic evaluation is certainly not discussed adequately. In this sense, and given the long term negative effects of growing up in deprivation, it is important to focus specifically on child poverty and to design and evaluate measures that can mitigate the negative effects of poverty on education and children's professional prospects.

### 5.2.2 The Importance of GMI and Child Benefits

The guaranteed minimal income and child benefits are the key sources of income for poor families with children of school age. This demonstrates the importance of state intervention in alleviating poverty, despite the fact the GMI, for example, covers only between 32% and 46% of existential needs of household receiving this benefit (Stubbs and Zrinščak, 2015a). The change in the amount of GMI does not depend on the needs/changes in the living costs. Additionally, the income threshold for receiving child benefits is low, as are the amounts of child benefits, since they are connected to the budgetary baseline determined by the Government of the Republic of Croatia, rather than indexed to increases in the cost of living. For example, even though in part a consequence of the decrease in the total number of children in the period 2001 – 2016, it is indicative that the number of recipients of child benefits decreased from 628,654 in December 2001 to only 322,870 children in December of 2016; in the same period the total amount dedicated for child benefits was halved.<sup>24</sup> These facts need to be taken into account when assessing proposed measures for promoting demographic development in Croatia, and especially the recently announced plans for reform of tax

<sup>24</sup> Data from the official website of the Croatian Pension Fund: <http://www.mirovinsko.hr/default.aspx?id=462>



benefits and child allowances, which appears to include a commitment to introduce universal child benefits in Croatia. Namely, each measure has multiple effects, including demographic and social effects, since up until now child benefits had always been connected to the income census, and as such primarily a policy measure in relation to family policy and poverty reduction policy. A universal benefit – a benefit for each child – emphasizes that it is a measure of family policy, and in part (depending on the amount), a measure of demographic policy, but this should not mean that its social policy aspect is lost. Considering that poor families have no possibility to take advantage of tax benefits (which are planned to be revoked), it is very important not to reduce the amount of child benefits or alternatively, that it be increased for recipients of the guaranteed minimal income. This would represent a combination of universal measures (generally more effective in reaching goals) with targeted poverty reduction measures for the poorest members of society.

### 5.2.3 The Adequacy of the GMI and Work Activation

Employment is the best long term measure of poverty reduction; therefore, all measures of work activation of recipients of the GMI are particularly important and need to be further promoted, with a specific tailored focus on this target group. Nevertheless, given the education structure of GMI recipients and the structure of the Croatian labour market it should not be expected that a more significant share of GMI recipients in Croatia will become employed, and with a salary enabling adequate living conditions, at least in the short-term. One should therefore reconsider the change of the equivalent scale introduced with GMI in 2014 from this perspective. At the time, GMI replaced the basic social assistance scheme, but at the same time the baseline and the percentage of the baseline for children also changed, resulting in the maximum amount of GMI fixed to the amount of the minimum gross salary (Stubbs and Zrinščak, 2014). This change resulted in a lower total amount received by households with a higher number of children, in connection to the fact that the average household size of GMI recipients also decreased. Furthermore, the change did not take into account the fact that children's needs are different depending on their age, i.e. that they increase with time.

### 5.2.4 The Important Role of Centres for Social Welfare

This research also confirmed the indispensable key role of the Centres for Social Welfare in general, and especially in working with the population living in harsh social conditions. The research reiterates that the award of GMI is virtually inseparable from the need to inform beneficiaries of other social services and rights and general, social work support, for families receiving GMI. Thus, the idea of relocating the award of monetary benefits to county-based state administrative offices, mooted in the recent past, is problematic both from the perspective of the geographic distance between beneficiaries and these offices and from the perspective of lack of connection with CSWs as places for informing beneficiaries of their rights and undertaking social work with beneficiaries. On the contrary, CSWs should be protected and strengthened by means of ensuring adequate working conditions, i.e. strengthening their capacities to truly become the coordinators of all social services in the local community, both in terms of providing information on services available and in their own strengthening and development. This does not mean only the role of CSWs as „one-stop shops“, but also as one of the key actors in social policy at local levels.



### 5.2.5 Single Payments

Single payments, as proscribed by the Law on Social welfare (Official Gazette 152/14, Art. 46) are awarded to persons or households that due to current material difficulties are unable to cover their basic living costs, as a result of childbirth or child schooling, sickness or death of a family member, acts of God etc., as well as to acquire basic household items or necessary clothes and footwear. The single payment is an important source of income in the case of unexpected costs facing poor families. As suggested by this research, the beneficiaries find the long payment waiting periods problematic (questioning the very purpose of single payments for overcoming *current* material difficulties), as well as the fact that they must enclose numerous documents with their application, even though they are already on file or can be acquired through official channels. The discretionary assessments of social workers also seem to be a problem; however, this research does not provide enough data for any final assessment in this regard. Nonetheless, taking into account the importance of single payments, their additional analysis might prove beneficial.

### 5.2.6 Scholarships

Even though participants in this research are relatively optimistic regarding their children's perspectives in education, the available data and research suggest that the realistic chances of enrolling in and finishing high-school, and especially university, are very slim. This suggests the necessity of ensuring far more scholarships based on social criteria, as well as ensuring that the amounts of scholarships cover the actual costs of schooling / university studies. The analysis and the implementation of the recommendations of a study by the Institute for Education from 2013 are very important in this regard (File et al, 2013).

### 5.2.7 Kindergartens/ Nurseries / Pre-school Coverage

Croatia has a big problem concerning the coverage of children in nurseries and kindergartens, especially in terms of significant, and long-standing, regional differences (Matković and Dobrotić, 2013; Dobrotić, 2013., Stubbs and Zrinščak, 2015b). According to this research, only a third of the surveyed population stated that all their children attended kindergarten, the reasons being of financial nature, as well as because at least one of the parents was at home. As attending public, good quality nurseries and kindergartens is key for children's socialization and the development of their cognitive skills, especially in the case of younger children, enabling and indeed encouraging enrolment into nursery and kindergarten programs should be a policy priority. This entails a completely free-of-charge enrolment into nursery and kindergartens for children recipients of the GMI, as well as working with parents to emphasize the importance of attending (possibly even making it mandatory) nursery and kindergarten programs for further personal and professional success of their children. The pre-school coverage, although mandatory, seems to fail in enrolling all children, while in some areas/schools it is reduced to the minimal number of hours, thus not contributing to the envisaged role of the pre-school.

### 5.2.8 Extended Stay at School

As is the case with kindergartens, extended stay at school has strong potential to increase the educational prospects of children, due to the inadequate cultural capital of their families, as well as because of the lack of other possibilities linked to fulfilling school related tasks (computer and

Internet, for example). Mandatory enrolment of children recipients of GMI into extended stay at school should also be one of the policy priorities to reduce poverty.

#### 5.2.9 Other Services for Children

There are a number of services that are particularly important for the development of children exposed to harsh circumstances, from teaching/learning assistance to involving them into play groups and different sports activities. Such programs are very few in number or entail financial costs (e.g. membership fees in sports clubs, sports equipment, etc.). Ensuring a number of free-of-charge services for children is a very important measure of preventing negative effects of poverty on children's educational outcomes and well-being.

#### 5.2.10 The Role of Regional and Local Governments / Civil Society Organizations

The research pointed to a relatively small role of regional and local governments and civil society organizations. Their complementary role is especially important not only in ensuring material existence (e.g. food and clothes), but more importantly in ensuring other services mentioned above. Furthermore, the role of local authorities is important in assisting these families in purchasing computers, ensuring an Internet connection etc. Objectively speaking, these are relatively low cost services that can bring about big changes in the lives of such families and their children. Local authorities and civil society organisations can play an important role in empowering the poor by means of networking, exchange of information and experiences. The state and regional and local governments should also finance civil society organizations designing such programs /services for children from poor families, ensure their quality through regular monitoring, and ensure sustainability through long-term funding of successful programmes.

#### 5.2.11 Active Role in Covering Communal Costs

The research showed that a part of the surveyed families had to give up a number of communal services or significantly reduce their use. Disconnecting electricity supply is, for example, a drastic measure, yet one experienced by a certain number of respondents. Assistance in such situations is a priority. The current 200 kn vouchers for vulnerable customers does not take into account the number of household members or the true costs involved. There is evidently a need for social workers and other advocates to negotiate with competent institutions in order to find solutions in individual cases, e.g. delay of disconnecting procedure until single payments have been made.

#### 5.2.12 Inclusion of Housing Allowance into GMI / Heating Allowance

The report produced in the scope of the project Synergetic Welfare System, entitled "The Structure of Benefits, Expenses and Beneficiaries of Social Welfare in Croatia" in 2016 suggested, among other things, that housing allowance be included in the GMI, especially since some local and regional governments pay lower amounts due to lack of money. Taking into consideration the negative consequences of failing to cover the housing costs for poor families, this research corroborates the necessity of designing such a measure. Furthermore, heating allowance is commonly approved in low / very inadequate amounts, and this needs to be reconsidered, too.

### 5.2.13 Further Exploratory Research and Evaluation Studies

Although recent years have seen an increase in the number of research studies on poverty, as stated in the Introduction, there is a need for further research and analyses. Long term studies can provide a better insight into the dynamics of poverty. Even though they were not part of this research, households that do not receive GMI are also at risk of poverty; the comparison between different groups of the poor population may indicate their different needs as well as different strategies for exiting poverty. Poverty is connected to a number of other aspects of deprivation and social exclusion, so future studies should focus more on these aspects, too. Poverty reduction measures should also continuously be evaluated, with the views of poor people themselves taken into consideration.

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