

## First Release

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# SOCIAL PROTECTION IN REPUBLIC OF CROATIA, 2021 (ESSPROS METHODOLOGY)

In 2021, the share of social protection in the GDP of the Republic of Croatia amounted to 22.3%, which represented a decrease of 1.9 percentage points compared to 2020. The GDP in current prices increased<sup>1)</sup> by approximately 58.4 billion kuna, while total social protection expenditures increased by approximately 5.9 billion kuna.

Concerning receipts, social contributions were the most frequent ones (57.3% of all social protection receipts in 2021). General government contributions followed with 38.4%.

Social protection benefits accounted for 98.3% of total social protection expenditures in 2021. By type of social benefits, those in cash were the most frequent ones (62.7%). By characteristics, non-means-tested social protection benefits (both in cash and in kind) were the most frequent ones (94.4%).

Comparing the data by social protection functions, the largest share of social benefits was spent on Sickness/Health care function (35.5% of all social protection benefits), followed by the Old age risk (34.2%). The least resources were spent on the Housing function (0.0%).

Comparing the data on the share of costs for the social protection in the national GDP with the EU Member States, the Republic of Croatia fell behind the EU-27 average by 7.5 percentage points in 2020. Observing the shares of social protection functions in GDP in 2020, the Old-age function fell behind the EU-27 average by 3.5 percentage points, the Unemployment function by 1.2 percentage points, the Sickness/Health care function by 0.9 percentage points, the Housing and the Social exclusion functions by 0.4 percentage points each and the Family/Children function by 0.3 percentage points, while the Disability and Survivors functions exceeded the EU-27 average by 0.1 percentage points and 0.2 percentage points, respectively.

Comparing the data on social protection expenditures per inhabitant with EU Member States, calculated in the purchasing power standard (PPS), the Republic of Croatia fell behind the EU-27 average by 53% in 2020. According to this indicator, all social protection functions in the Republic of Croatia were below the EU average, and in absolute terms, the Old-age function fell behind the most.

1) The data on the gross domestic product used in this First Release have been taken over from the official web page of the Croatian Bureau of Statistics <https://podaci.dzs.hr/media/c51dcnbr/bruto-domaci-proizvod-godisnji.xls>

# 1 TOTAL SOCIAL PROTECTION EXPENDITURES AND EXPENDITURES ON SOCIAL PROTECTION BENEFITS, BY FUNCTION AND ESSPROS SCHEMES

Mln kuna

	2019	2020	2021
Total social protection expenditures	87 508,8 <sup>1)</sup>	91 832,0 <sup>1)</sup>	97 752,9
Total expenditures on social protection benefits, by function	85 973,5 <sup>1)</sup>	90 239,7 <sup>1)</sup>	96 076,3
Sickness/Health care	28 989,9 <sup>1)</sup>	29 916,6 <sup>1)</sup>	34 095,5
Disability	8 597,6 <sup>1)</sup>	8 571,5 <sup>1)</sup>	8 631,3
Old age	29 710,1 <sup>1)</sup>	31 279,3 <sup>1)</sup>	32 853,7
Survivors	7 095,6	7 194,7	7 369,8
Family/Children	7 906,0 <sup>1)</sup>	8 309,5 <sup>1)</sup>	8 781,5
Unemployment	2 384,4	3 754,5 <sup>1)</sup>	2 720,2
Housing	76,4	18,9 <sup>2)3)</sup>	18,9 <sup>2)3)</sup>
Social exclusion not elsewhere classified	1 213,6 <sup>1)</sup>	1 194,7 <sup>1)</sup>	1 605,4
Administrative costs	1 399,6	1 451,4 <sup>1)</sup>	1 523,9
Other expenditures	135,7	141,0	152,7
<b>By ESSPROS schemes</b>			
Total expenditures on social protection benefits, by ESSPROS schemes	85 973,5 <sup>1)</sup>	90 239,7 <sup>1)</sup>	96 076,3
Job mediation and unemployment rights	1 348,9	2 734,1	1 747,6
Pension insurance, first pillar	40 898,2	42 150,3	43 544,8
Pension insurance, second pillar	50,9	121,8	165,0
Basic health insurance	24 962,0	26 294,0 <sup>1)</sup>	29 738,9
Supplemental health insurance	1 867,6	1 580,9	1 704,8
Health protection at work	292,5	270,7	285,8
Employers' social protection <sup>3)</sup>	4 497,0	4 592,6	5 245,7
Social welfare rights	3 182,5 <sup>1)</sup>	3 352,3 <sup>1)</sup>	3 619,4
Assistance in settling of housing costs	71,6	57,9	57,8
Assistance in settling of heating costs	28,6	29,2	27,0
Family benefits	2 949,8	3 046,8	3 099,0
Social welfare in City of Zagreb <sup>4)</sup>	1 602,1	1 658,7	1 784,9
Rights of Croatian Homeland war defenders and members of their families	774,9 <sup>1)</sup>	740,7	777,4
Rights of civilian victims disabled during war and members of their families	25,3	23,8	25,6
Rights of military personnel disabled during war or peace-time period and members of their families	52,0	46,7	41,8
Other social assistance at the local level <sup>3),4)</sup>	2 577,3	2 567,6	2 779,0
Social protection provided by non-profit institutions <sup>3),4)</sup>	792,5 <sup>1)</sup>	971,6 <sup>1)</sup>	1 431,8

1) Revised data.

2) Since 2020, using a new data source, social benefits that refer to housing have been divided into the Housing function (only rent costs) and the Social exclusion function (utility costs).

3) Estimated data.

4) Since 2020, financing of non-profit institutions by local units has been transferred from ESSPROS schemes Other social assistance at the local level and Social welfare in the City of Zagreb to scheme Social protection provided by non-profit institutions. Such transfer was done due to the adjustment to new data sources and for better calculation of scheme receipts and expenditure.

## Pension insurance, first pillar

The increase in total expenditures in this scheme in 2021, as compared to 2020, was mainly caused by an increase in expenditures in the Old age function due to the growth of the old-age and anticipated old-age pensions. The increase in expenditure was also recorded in the Survivors function due to the growth of survivors' pensions.

## Basic health insurance

The main reason for the increase in scheme expenditures in 2021, as compared to 2020, was an increase in expenditures on in-patient and out-patient medical care. The increase was also recorded in medicine expenditures and salary compensation during sick-leave and maternity leave.

## Social welfare

The main cause of the increase in the scheme expenditures in 2021, as compared to 2020, was the increase in expenditures in the Disability function that refer to parent caregiver's benefit, personal disability benefit, accommodation service and assistance and care supplement. The increase in expenditure was also recorded in the Social exclusion function due to the growth of lump-sum cash benefit.

## Employers' social protection

The increase in total expenditures in this scheme in 2021, as compared to 2020, was mainly caused by an increase in expenditures in the Sickness/Health care function. In 2021, as compared to 2020, the number of days spent on sick leave paid by the employer (up to 42 days of sick leave) increased, which was the main cause of the increase in expenditures on salary compensation during sick leave.

### Other social assistance at the local level

The main cause of the increase in the scheme expenditures in 2021, as compared to 2020, was the increase in expenditures in the Family/Children function that refer to the expenditures on pre-school institutions.

### Social protection provided by non-profit institutions

The main cause of the increase in the scheme expenditures in 2021, as compared to 2020, was the increase in expenditures in the Social exclusion function that refer to other benefits in kind. The increase in expenditure was also recorded in the Old age function due to the growth of expenditures on assistance in carrying out daily tasks.

## 2 SHARE OF EACH FUNCTION IN TOTAL AMOUNT OF SOCIAL PROTECTION BENEFITS

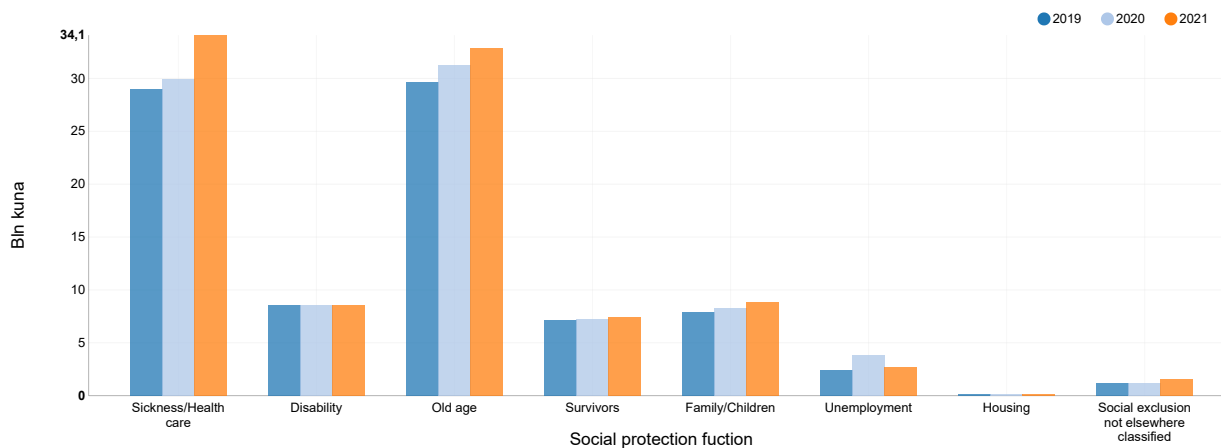
%

	2019 <sup>1)</sup>	2020 <sup>1)</sup>	2021	EU-27, 2020 <sup>2)</sup>
Total expenditures on social protection benefits	100,0	100,0	100,0	100,0
Sickness/Health care	33,7	33,2	35,5	29,1
Disability	10,0	9,5	9,0	7,3
Old age	34,6	34,7	34,2	38,6
Survivors	8,3	8,0	7,7	5,7
Family/Children	9,2	9,2	9,1	8,3
Unemployment	2,8	4,2	2,8	7,3
Housing	0,1	0,0	0,0	1,3
Social exclusion not elsewhere classified	1,4	1,3	1,7	2,4

1) Revised data.

2) Data for the EU-27 were taken over from the table Expenditure on social protection, available on Eurostat's official web page <https://ec.europa.eu/eurostat/web/social-protection/data/main-tables> on 15 February 2023. Data for the Republic of Croatia, indicated in this table, have been revised in the meantime (revised data are used in this First Release) and they will be updated in accordance with the standard Eurostat's procedure.

### G-1 EXPENDITURES ON SOCIAL PROTECTION BENEFITS, BY FUNCTION



### 3 SHARE OF SOCIAL PROTECTION EXPENDITURES AND EXPENDITURES ON SOCIAL PROTECTION BENEFITS IN GDP

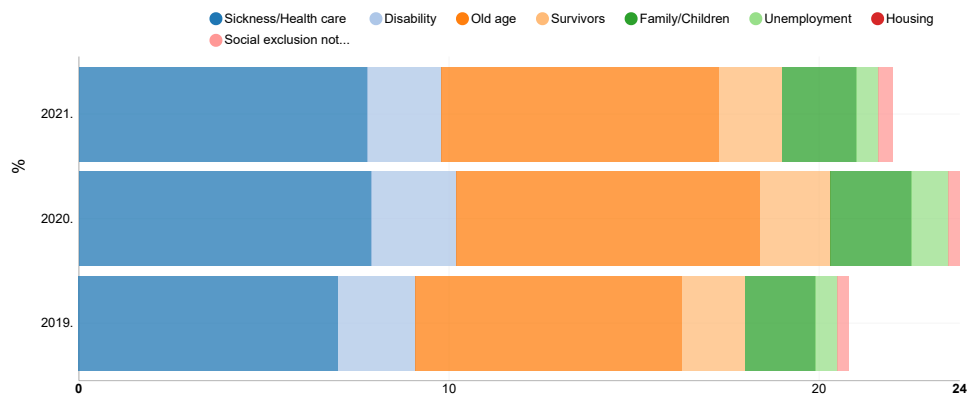
%

	2019 <sup>1)</sup>	2020 <sup>1)</sup>	2021	EU-27, 2020 <sup>2)</sup>
Total social protection expenditures	21,2	24,2	22,3	31,7
Total expenditures on social protection benefits, by function	20,8	23,7	21,9	30,3
Sickness/Health care	7,0	7,9	7,8	8,8
Disability	2,1	2,3	2,0	2,2
Old age	7,2	8,2	7,5	11,7
Survivors	1,7	1,9	1,7	1,7
Family/Children	1,9	2,2	2,0	2,5
Unemployment	0,6	1,0	0,6	2,2
Housing	0,0	0,0	0,0	0,4
Social exclusion not elsewhere classified	0,3	0,3	0,4	0,7

1) Revised data.

2) Data for the EU-27 were taken over from the table Expenditure on social protection, available on Eurostat's official web page <https://ec.europa.eu/eurostat/web/social-protection/data/main-tables> on 15 February 2023. Data for the Republic of Croatia, indicated in this table, have been revised in the meantime (revised data are used in this First Release) and they will be updated in accordance with the standard Eurostat's procedure.

#### G-2 SHARE OF SOCIAL PROTECTION EXPENDITURES AND EXPENDITURES FOR SOCIAL PROTECTION BENEFITS IN GDP

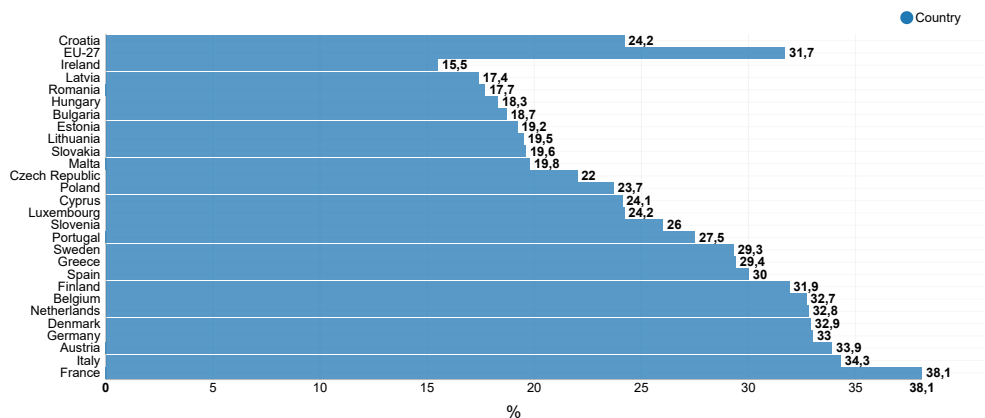


#### 4 SOCIAL PROTECTION EXPENDITURES AS SHARE IN GDP, EU-27 AND REPUBLIC OF CROATIA, 2020<sup>1)</sup>

	Social protection expenditures as share in GDP
Croatia	24,2
EU-27	31,7
Ireland	15,5
Latvia	17,4
Romania	17,7
Hungary	18,3
Bulgaria	18,7
Estonia	19,2
Lithuania	19,5
Slovakia	19,6
Malta	19,8
Czech Republic	22,0
Poland	23,7
Cyprus	24,1
Luxembourg	24,2
Slovenia	26,0
Portugal	27,5
Sweden	29,3
Greece	29,4
Spain	30,0
Finland	31,9
Belgium	32,7
Netherlands	32,8
Denmark	32,9
Germany	33,0
Austria	33,9
Italy	34,3
France	38,1

1) Data for the EU-27 were taken over from the table Expenditure on social protection, available on Eurostat's official web page <https://ec.europa.eu/eurostat/web/social-protection/data/main-tables> on 15 February 2023. Data for the Republic of Croatia, indicated in this table, have been revised in the meantime (revised data are used in this First Release) and they will be updated in accordance with the standard Eurostat's procedure.

#### G-3 HARE OF SOCIAL PROTECTION EXPENDITURES IN GDP, EU-27 AND REPUBLIC OF CROATIA, 2020



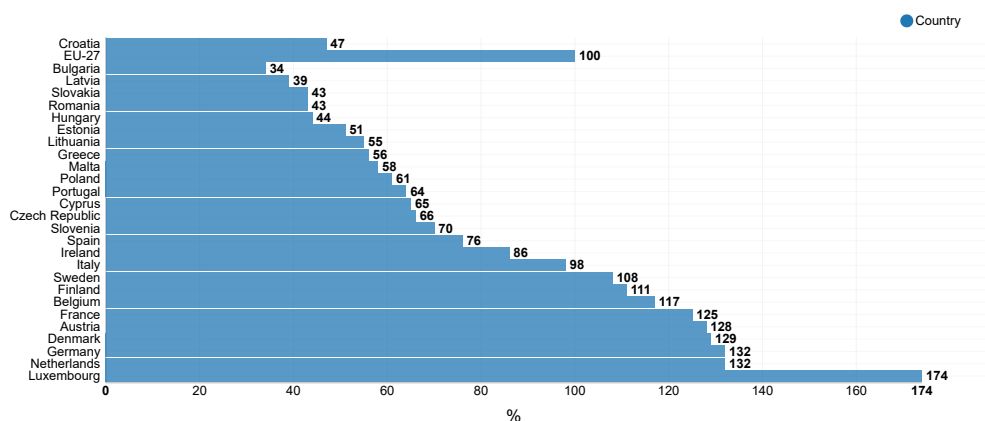
5 SOCIAL PROTECTION EXPENDITURES PER INHABITANT, CALCULATED IN PURCHASING POWER STANDARD (PPS), EU-27 AND REPUBLIC OF CROATIA, 2020<sup>1)</sup>

Thousand PPS

	Social protection expenditures (PPS)	PPS per inhabitant (EU-27 = 100)
Croatia	4,5	47
EU-27	9,5	100
Bulgaria	3,3	34
Latvia	3,7	39
Slovakia	4,1	43
Romania	4,1	43
Hungary	4,2	44
Estonia	4,8	51
Lithuania	5,2	55
Greece	5,4	56
Malta	5,5	58
Poland	5,8	61
Portugal	6,1	64
Cyprus	6,2	65
Czech Republic	6,3	66
Slovenia	6,7	70
Spain	7,2	76
Ireland	8,2	86
Italy	9,3	98
Sweden	10,3	108
Finland	10,6	111
Belgium	11,2	117
France	11,9	125
Austria	12,2	128
Denmark	12,3	129
Germany	12,6	132
Netherlands	12,6	132
Luxembourg	16,6	174

1) Data were taken over from Eurostat's official web page: <http://ec.europa.eu/eurostat/web/social-protection/data/main-tables> on 15 February 2023.

G-4 SOCIAL PROTECTION EXPENDITURES PER INHABITANT, CALCULATED IN PURCHASING POWER STANDARD, EU-27 AND REPUBLIC OF CROATIA, 2020



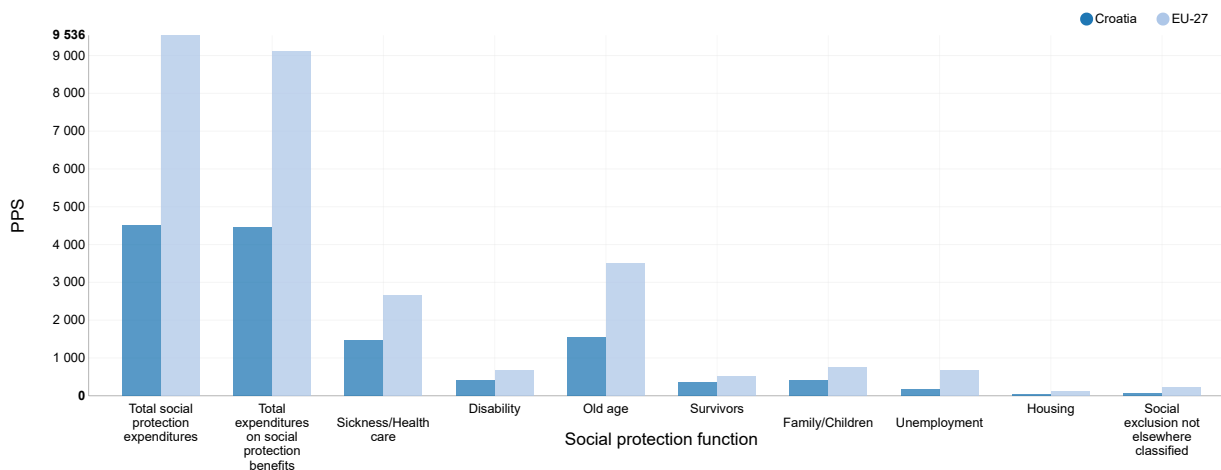
6 SOCIAL PROTECTION EXPENDITURES PER INHABITANT, EU-27 AND REPUBLIC OF CROATIA, BY SOCIAL PROTECTION FUNCTIONS, CALCULATED IN PURCHASING POWER STANDARD (PPS), 2020<sup>1)</sup>

Thousand PPS

	Social protection expenditures per inhabitant in the Republic of Croatia (PPS)	Social protection expenditures per inhabitant (PPS), EU-27
Total social protection expenditures	4,5	9,5
Total expenditures on social protection benefits	4,4	9,1
Sickness/Health care	1,5	2,6
Disability	0,4	0,7
Old age	1,5	3,5
Survivors	0,4	0,5
Family/Children	0,4	0,8
Unemployment	0,2	0,7
Housing	0,0	0,1
Social exclusion not elsewhere classified	0,1	0,2

1) Data were taken over from Eurostat's official web page: <http://ec.europa.eu/eurostat/web/social-protection/data/main-tables> on 15 February 2023.

G-5 SOCIAL PROTECTION EXPENDITURES PER INHABITANT, EU-27 AND REPUBLIC OF CROATIA, BY SOCIAL PROTECTION FUNCTIONS, CALCULATED IN PURCHASING POWER STANDARD (PPS), 2020



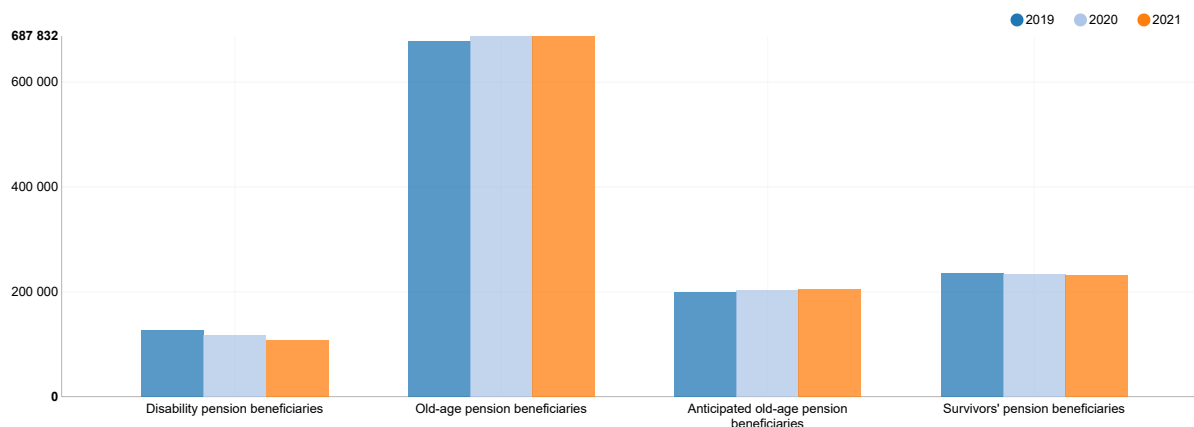
## 7 TOTAL NUMBER OF PENSION BENEFICIARIES, BY SOCIAL PROTECTION FUNCTIONS AND SEX

	2019			2020			2021		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total number of pension beneficiaries	1 241 111	570 961	670 150	1 241 085	571 746	669 339	1 232 601	567 299	665 302
Total number of pension beneficiaries in Disability function	126 739	107 145	19 594	116 612	99 414	17 198	107 368	92 024	15 344
Disability pension beneficiaries <sup>1)</sup>	126 739	107 145	19 594	116 612	99 414	17 198	107 368	92 024	15 344
Total number of pension beneficiaries in Old age function	877 884	447 322	430 562	890 856	455 859	434 997	893 813	458 798	435 015
Old-age pension beneficiaries <sup>2)</sup>	678 852	348 002	330 850	687 311	355 403	331 908	687 832	358 125	329 707
Anticipated old-age pension beneficiaries	199 032	99 320	99 712	203 545	100 456	103 089	205 981	100 673	105 308
Total number of pension beneficiaries in Survivors function	236 171	16 302	219 869	233 277	16 266	217 011	231 059	16 257	214 802
Survivors' pension beneficiaries	236 171	16 302	219 869	233 277	16 266	217 011	231 059	16 257	214 802
Total number of pension beneficiaries in Unemployment function	317	192	125	340	207	133	361	220	141
Beneficiaries of anticipated old-age pensions due to bankruptcy of beneficiary's employer	317	192	125	340	207	133	361	220	141

1) Covering disability pension beneficiaries below the legal retirement age (65 years for men and 60 years for women, irrespective of the transitional period). Beneficiaries above the legal retirement age are presented in line with the ESSPROS methodology, under the item Old-age pension beneficiaries.

2) Including also disability pension beneficiaries above the legal retirement age (65 years for men and 60 years for women, irrespective of the transitional period).

### G-6 PENSION BENEFICIARIES, BY TYPE OF PENSION



## NOTES ON METHODOLOGY

### Sources and methods of data collection

Data on social protection in the Republic of Croatia presented in this First Release are collected by gathering administrative data from reporting units.

### Coverage and comparability

The ESSPROS is a harmonised system that serves as an instrument of the analysis and comparison of financial flows of the social protection. The objectives of the ESSPROS are to provide a comprehensive and coherent description of the social protection in the EU Member States and candidate states for the membership in the European Union, financing of social benefits, and to establish a system suitable for the international comparability and harmonisation with other statistics.

The ESSPROS consists of the Core System and two modules. The Core System consists of a stable, annually collected set of data on receipts and expenditures of the social protection, while modules provide additional sets of statistical information on particular forms of the social protection.

The Core System collects, at the annual basis, data on the social protection in gross amounts (that is, before the recipient of the social protection benefit pays for them any kind of taxes, contributions or other compulsory provisions).

For the Republic of Croatia, 17 active social protection schemes have been identified and included within the ESSPROS coverage:

#### Active schemes

1. Job mediation and unemployment rights
2. Pension insurance – first pillar
3. Health insurance – basic
4. Health insurance – supplemental (for the time being only the Croatian Health Insurance Fund)
5. Family benefits



6. Social welfare
7. Assistance in settling of housing costs
8. Assistance in settling of heating costs
9. Social welfare in City of Zagreb
10. Employers' social protection
11. Pension insurance – second pillar
12. Rights of Croatian Homeland War defenders and members of their families
13. Health protection at work
14. Rights of civilian victims disabled during war and members of their families
15. Rights of military personnel disabled during war or peacetime period and members of their families
16. Other social assistance at the local level
17. Social protection provided by non-profit institutions

ESSPROS Scheme 2 (General pension scheme – first pillar) encompasses all pension beneficiaries under special regulations.

The module on pension beneficiaries serves to collect information on pension beneficiaries and on characteristics of pensions.

#### Definitions and explanations

**Social protection** encompasses all interventions of public or private bodies intended to relieve households and individuals of the financial burden of the defined set of risks or needs, provided that there is neither a simultaneous reciprocal nor an individual arrangement involved (intervention where the recipient of social protection is obliged to provide simultaneously something of equivalent value in exchange).

**Risks or needs** expressed in the ESSPROS methodology as functions of the social protection scheme that require the social protection are listed below.

**Sickness/Health care** – the risk of sickness comprises the maintenance of the income and support in cash in connection with a physical or mental illness, excluding disability. The health care need covers maintenance, restoration or improvement of the health of the people protected, irrespective of the origin of the disorder.

**Disability** covers support in cash or kind (except health care) in connection with the inability of physically or mentally disabled people to engage in economic and social activities.

**Old age** includes income maintenance and support in cash or kind (except health care) in connection with old age.

**Survivors** imply income maintenance and support in cash or kind in connection with the death of a family member.

**Family/Children** include support in cash or kind (except health care) in connection with the costs of pregnancy, childbirth and adoption, bringing up children and caring for other family members.

**Unemployment** implies income maintenance and support in cash or kind in connection with unemployment.

**Housing** includes assistance in settling of housing costs.

**Social exclusion not elsewhere classified** covers benefits in cash or kind (except health care) specifically intended to combat social exclusion where it is not covered by one of the other functions.

**The function of social protection** refers to the primary purpose for which social protection is provided, irrespective of legislative or institutional provisions.

**The observation unit** is the social protection scheme. According to the definition, the **social protection scheme** is a distinct body of rules, supported by one or more institutional units, governing the provision of social protection benefits and their financing.

The **expenditures of social protection schemes** are the following: social benefits, administration costs, transfers to other schemes and other expenditure.

**Social protection benefits**, as the most extensive social protection expenditure, consist of transfers, in cash or in kind, by social protection schemes to households and individuals to relieve them of the burden of the defined set of risks or needs. Social benefits refer exclusively to cash payments, reimbursements and directly provided goods and services.

**Administration costs** are the costs charged to the scheme for management and administration thereof.

**Transfers to other schemes** are unrequited payments made to other social protection schemes.

**Re-routed social contributions** are payments that a social protection scheme makes to another scheme in order to maintain or accrue the rights of its protected people to social protection from the recipient scheme.

**Other expenditure** means miscellaneous expenditure by social protection schemes.

**Receipts of social protection schemes** are the following: social contributions, general government contributions, transfers from other schemes and other receipts.

**Social contributions** are the costs incurred by employers on behalf of their employees or by protected persons to secure entitlement to social benefits.

**Employers' actual social contributions** are payments made by employers to insurers to secure entitlement to social benefits for their employees, former employees and their dependents.

**Employers' imputed social contributions** are the costs incurred by employers by granting social benefits or by promising social benefits payable in future, to their employees, former employees and their dependents, without involving an autonomous insurer, and without maintaining segregated reserves for that purpose in their balance sheets.

**Social contributions paid by protected persons** are payments made by individuals and households to social protection schemes in order to obtain or keep the right to receive social benefits.

**General government contributions** are costs to general government of running government-controlled non-contributory schemes, and financial support provided by general government to other resident social protection schemes.

**Transfers from other schemes** mean unrequited payments received from other social protection schemes, which primarily includes social contributions re-routed from other schemes.

**Other receipts** include miscellaneous current receipts of social protection schemes.

**Purchasing power standard (PPS)** is an artificial common currency eliminating the effect of price level differences across countries. Theoretically, one PPS can buy the same amount of goods and services in each country.

#### Module on pension beneficiaries

Pension beneficiaries are defined as recipients of one or more periodic cash benefits of a social protection scheme falling within seven pension categories (disability pension; early retirement benefit due to reduced capacity to work; old-age pension; anticipated old-age pension; partial pension; survivors' pension; early retirement benefit due to labour market reasons), but person who receives more than one pension is counted only once – double counting is to be avoided.

**Government payments to employers** (including incentives related to the COVID-19 pandemic) are included in the ESSPROS survey coverage in the following cases:

- the employer retains the employees for whom they receive incentives and whom they pay salary
- the employee for whom the incentive is requested does not work a part of the working time proportionate to the amount of the incentive.

#### Abbreviations

bln	billion
ESSPROS	European System of Integrated Social Protection Statistics
EU-27	European Union (27 Member States)
GDP	gross domestic product
mln	million
PPS	purchasing power standard

#### Symbols

0.0 value not zero but less than 0.05 of the unit of measure used

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Phone: (+385 1) 48 06 111

Press corner: [press@dzs.hr](mailto:press@dzs.hr)

Persons responsible:

Dubravka Rogić Hadžalić, Director of Demographic and Social Statistics Directorate  
Lidija Brković, Director General

Prepared by:

Sandro Jakopčević, Nataša Vucelić and Mario Vlačjević

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Phone: (+385 1) 48 06 138, 48 06 154

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