

# FISR2

STRUCTURAL REFORMS BETTER INTEGRATED  
WITHIN FISCAL FRAMEWORKS

## **Prioritization and setting milestones for labor reform for the NRRP (case of Croatia)**

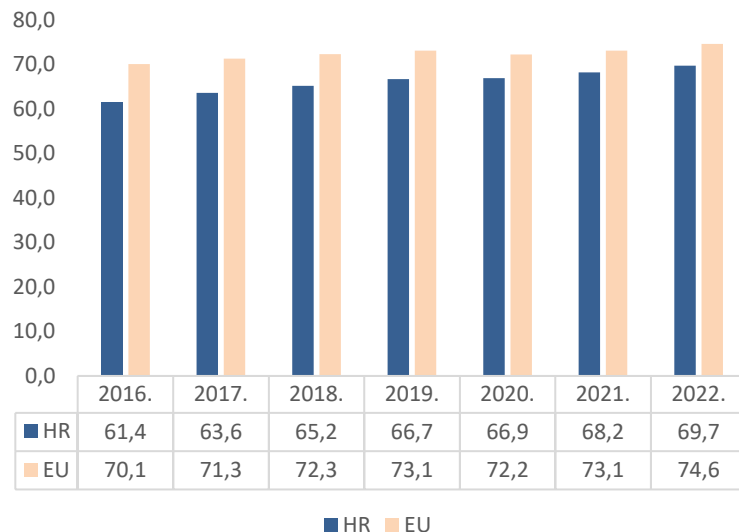
*Irena Bačelić and Dario Baron, 21th February 2024.*

## Challenges

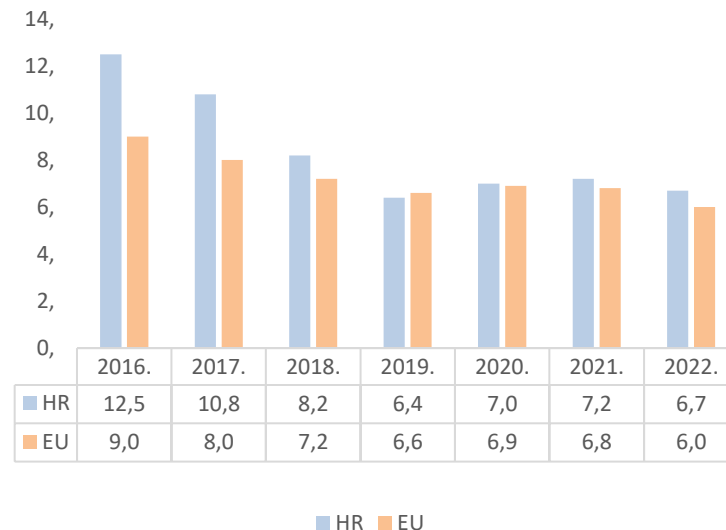
- A large number of unemployed (in December 2016, **236.617 unemployed persons were registered**) and at the same time a high unemployment rate and a low employment rate.
- Mismatch between education and labour market needs
- Low participation in life-long learning (2.9% in 2018)

# Changes in the labour market 2016 - 2022.

## Employment rate 20 - 64



## Unemployment rate 20 - 64



## Goals until 2030

National Development Strategy defines long-term goals until 2030:

- the employment rate in the age group 20-64 increased to 75.0%
- the participation rate of adults in lifelong learning (25-64) increased to the level of the EU average
- the NEET rate decreased to 12.0%
- new active employment policy measures created that will encourage employment and self-employment related to the green and digital transition
- a system of vouchers for the education of employed and unemployed persons established

The goals will be achieved through the development of human resources through professional guidance, ensuring support for adults for inclusion in education and training, and improving the skills and knowledge of the working-age population, especially young people and those in NEET status.

# NRRP measures

## 1) Development and implementation of new targeted measures of active employment policy for the needs of the green and digital transition of the labour market

- employment subsidy for the green and digital transition
- internship subsidy for green and digital transition
- support for self-employment for the green and digital transition

Milestones and targets:

- By the end of 1Q/2022, adopted conditions and methods of using funds for the implementation of 3 new active employment policy measures
- By the end of 4Q/2025 include at least 13,000 beneficiaries in the new active employment policy measures, of which at least 6,000 long-term unemployed, inactive and young people in NEET status.
- Green/digital ratio 50:50

## NRRP measures

### 2) Strengthening the system of inclusion and monitoring of vulnerable groups in the labour market through the improvement of business processes of the Croatian Employment Service

- Strengthening human capacities and improving skills for working with vulnerable groups
- Improvement of the profiling system and segmentation of vulnerable groups
- Establishment of integration plan and activation programs of vulnerable groups on the labour market
- Develop a system for monitoring the outcome of the inclusion of persons in active measures on the labour market
- Expansion and reorganization of the existing network of CISOK centres with an emphasis on their role in attracting NEET persons
- Analysis of the adequacy of unemployment compensation with appropriate legislative changes.

#### Milestones and targets:

- By the end of 4Q/2024, operationalization of new CES processes for profiling, segmentation, integration and activation of vulnerable groups
- By the end of 3Q/2024, an amendment to the Labor Market Act was adopted in accordance with the results of the analysis on the amount, duration and conditions for exercising the right to monetary compensation
- By 2Q/2025, inclusion of 5,000 members of vulnerable groups in ALMP

## NRRP measures

### 3) Establishment of a voucher system for the education of employed and unemployed persons

Milestones and targets:

- Voucher system including the skills catalogue to be launched by 2Q/2022

### 4) Implementation of the voucher system for the education of employed and unemployed persons

Milestones and targets:

- By the end of 1Q/2024 conduct an independent external evaluation of the voucher system and use its findings to develop possible improvements to the voucher allocation system.
- Include at least 40,000 people in the voucher system, of which at least 12,000 are long-term unemployed, inactive or young people with NEET status by 2Q/2026.
- Green/digital ratio 40:60

EDUCATION PROVIDERS

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# Voucher for education

Co-financing of education programs for the acquisition of green, digital and general knowledge and skills.  
[Find out how >](#)

[View the offer](#)

## Digital programs

Modern knowledge for digital transformation in the public and private sector.

[Find out more](#)

## Green programs

Train yourself for the economy of sustainability and use it as an advantage in the labor market.

[Find out more](#)

## General programs

Highly valued traditional knowledge with high demand on the labor market.

[Find out more](#)

- Allocation via application with minimal administration  
<https://vauceri.hzz.hr/>
- List of programs: [digital programs](#), [green programs](#), [general programs \(in need on the labour market\)](#)



# Steps in establishing of voucher system

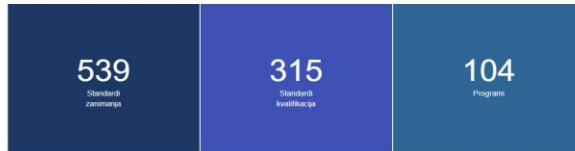
1

SKILLS  
CATALOGUE  
DEVELOPED



2

QUALIFICATION  
STANDARDS /  
SETS OF  
LEARNING  
OUTCOMES  
DEVELOPED



3

APPROVED  
AND  
VALIDATED  
EDUCATION  
PROGRAMMES

# NRRP measures

## 5) Improvement of labour legislation

- Work from home
- Reduction in the use of unjustified fixed-term employment contracts
- Undeclared work
- Minimum wage

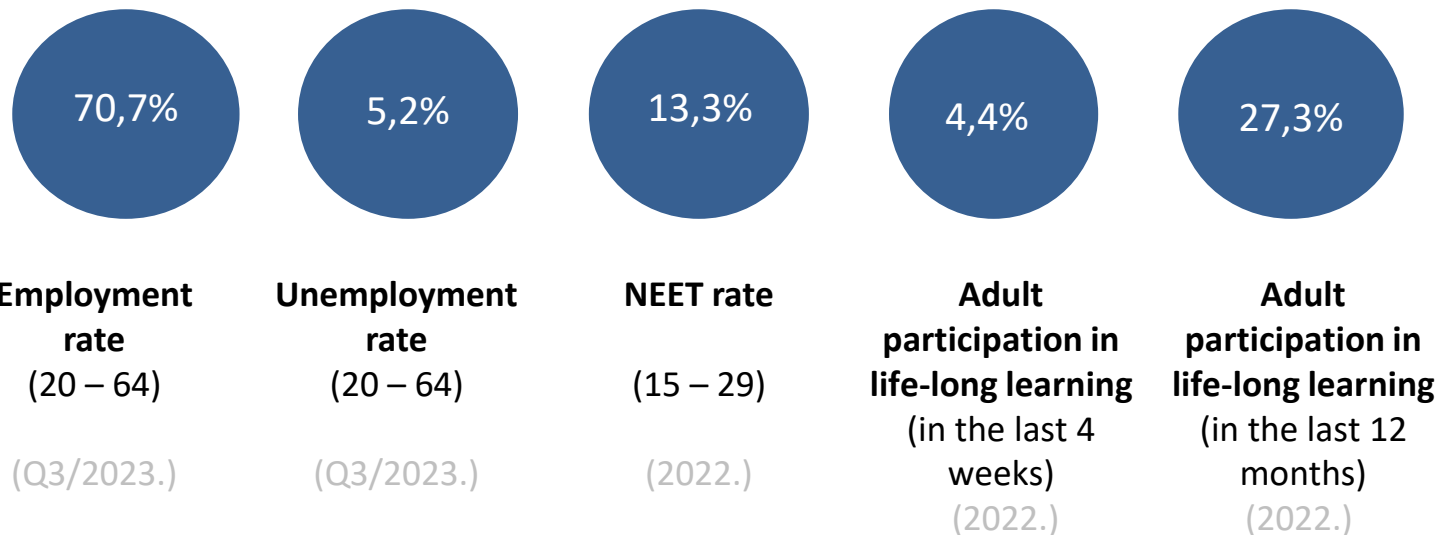
Milestones and targets:

- By the end of 4Q/2021, entry into force of amendments to the Minimum Wage Act
- By the end of 4Q/2022, the adoption of the Law on Suppression of Undeclared Work and the new Labor Law
- By 2Q/2026, reduction of the share of fixed-term contracts to 17%
- By the end of 1Q/2025, increase the share of the minimum wage in the average gross wage to 50%

# Results

- 1) Development and implementation of new targeted measures of active employment policy for the needs of the green and digital transition of the labour market
  - A total of 1.900 persons included in green/digital ALMPs (1.300 persons from vulnerable groups included in the voucher system)
- 2) Strengthening the system of inclusion and monitoring of vulnerable groups in the labour market through the improvement of business processes of the Croatian Employment Service
  - Additional internal procedures under development, information system and databases undergoing upgrading
- 1) Establishment of a voucher system for the education of employed and unemployed persons
  - Voucher system and skills catalogue launched on 1st April 2022
- 4) Implementation of the voucher system for the education of employed and unemployed persons
  - A total of 12.800 requests were approved (1.500 persons from vulnerable groups included in the voucher system)
- 5) Improvement of labour legislation
  - Minimum Wage Act and Labour Law amended in 2022 and 2021
  - New Law on Suppression of Undeclared Work adopted in 2022

## Current situation on the labour market in Croatia



# Current situation on the labor market in Croatia

- In May and June 2023, for the first time in 40 years (since 1982), we recorded a decrease in the number of unemployed persons below 100.000.
- The unemployment rate (20-64) decreased by 4.8 percentage points in the period from 3Q 2016 (10.0%) to 3Q 2023 (5.2%).
- The employment rate (20-64) increased by 7.8 percentage points in the period from 3Q 2016 (62.9%) to 3Q 2023 (70.7%).
- The NEET rate (15 – 29) decreased by 6.2 percentage points in the period from 2016 (19.5%) to 2022 (13.3%).
- Active employment policy measures are continuously implemented and improved
- The goal is to encourage employment, self-employment, training and education in order to increase employability
- In the period from October 2016 to December 2023, there were 129.344 newly employed persons, which is half (51.8%) of the total number of persons included in the ALMP during that period, which actively contributed to the reduction of the number of unemployed
- From October 2016 to today, **251.799 people** have been included in the ALMP, for which **1.1 billion euros** was allocated

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**Thank you!**