

CROATIA

Where are we since the COVID-19 outbreak?

December 2020



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

COVID-19 Rapid Response Household Surveys

Survey representing Croatian households

Timing	<ul style="list-style-type: none">• Round 1: June 2020 (completed)• Round 2: December 2020 (completed)• Round 3: March 2021 (planned)• Round 4: May 2021 (planned)
Sample size	<ul style="list-style-type: none">• 1500 households• containing 4,288 individuals (3,614 adults and 674 children)
Geographic coverage	<ul style="list-style-type: none">• Representative of rural and urban areas
Survey content	<ul style="list-style-type: none">• Demographic indicators• Pre- and during- COVID-19 (employment, income, savings, opinions, children's education and health)
Similar surveys in other countries	<ul style="list-style-type: none">• Bulgaria, Romania, Poland• The survey design is also linked to the World Bank global rapid assessment monitoring framework

KEY FINDINGS

Employment and economic distress



By December, the impacts of COVID-19 on employment were still significant.

- With the economy reopening, one in four workers still stopped working in December, particularly blue-collar workers.
- Even among those who continued working, about 10 percent reduced number of hours worked.
- 24 percent of workers reported a reduction in income in December.
- Nearly 30 percent of workers reported an overall reduction in income in 2020 compared to 2019.

Prevalence of economic distress was as high in December as in June

- 80 percent of Croatian households reported to be worried about the current economic situation, particularly poor households and households with no working members.
- 35 percent of Croatian households reported deteriorating economic situation compared to the pre-crisis level. The corresponding number was 25% in June.



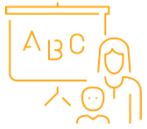
KEY FINDINGS

Perception of government's responses



There is an overall agreement on restriction measures in Spring, but less so on a reopening plan.

- 54% respondents agreed with the government measures in the Spring 2020 (school closure, quarantine).
- Less than half of respondents agreed with the government's reopening plan. 36% believed it was insufficient.
- 42% respondents believed the government's support to households was inadequate.



If schools are to be closed again, parents would need more government support, mostly in the form of cash and equipment for distant learning.

- Almost all schools applied sanitation measures, especially handwashing, mask, and social distancing, but did less on rescheduling classes or reducing hours of instruction or recess.
- If schools are to be closed again, nearly 25% of parents of school-aged children would prefer cash support.
- About 20% of parents would need support in equipment i.e. tablets and internet.
- Very few requested childcare support.

COVID-19 impacts as of Dec 2020:

-
- 1** Opinions on government's responses
 - 2** Employment
 - 3** Income, Savings, Credits
 - 4** Subjective wellbeing
 - 5** Education

COVID-19 impacts as of Dec 2020:

1 Opinions on government's responses

2 Employment

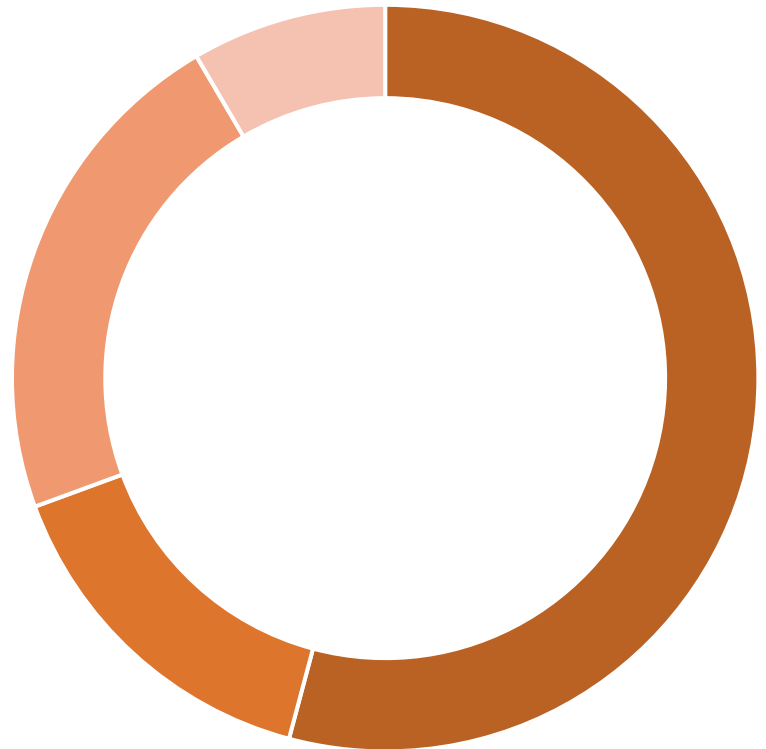
3 Income, Savings, Credits

4 Subjective wellbeing

5 Education

There is an overall agreement of government measures in the Spring 2020 to reduce the coronavirus transmission such as closing schools, closing borders and putting in place quarantines.

Overall agreement with the response can be seen across all population groups, however, there are some differences by age/gender/income level.



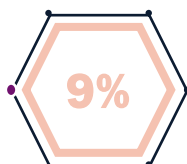
of respondents were supportive.



considered reaction **too extreme**. Men and wealthy people tend to agree more.

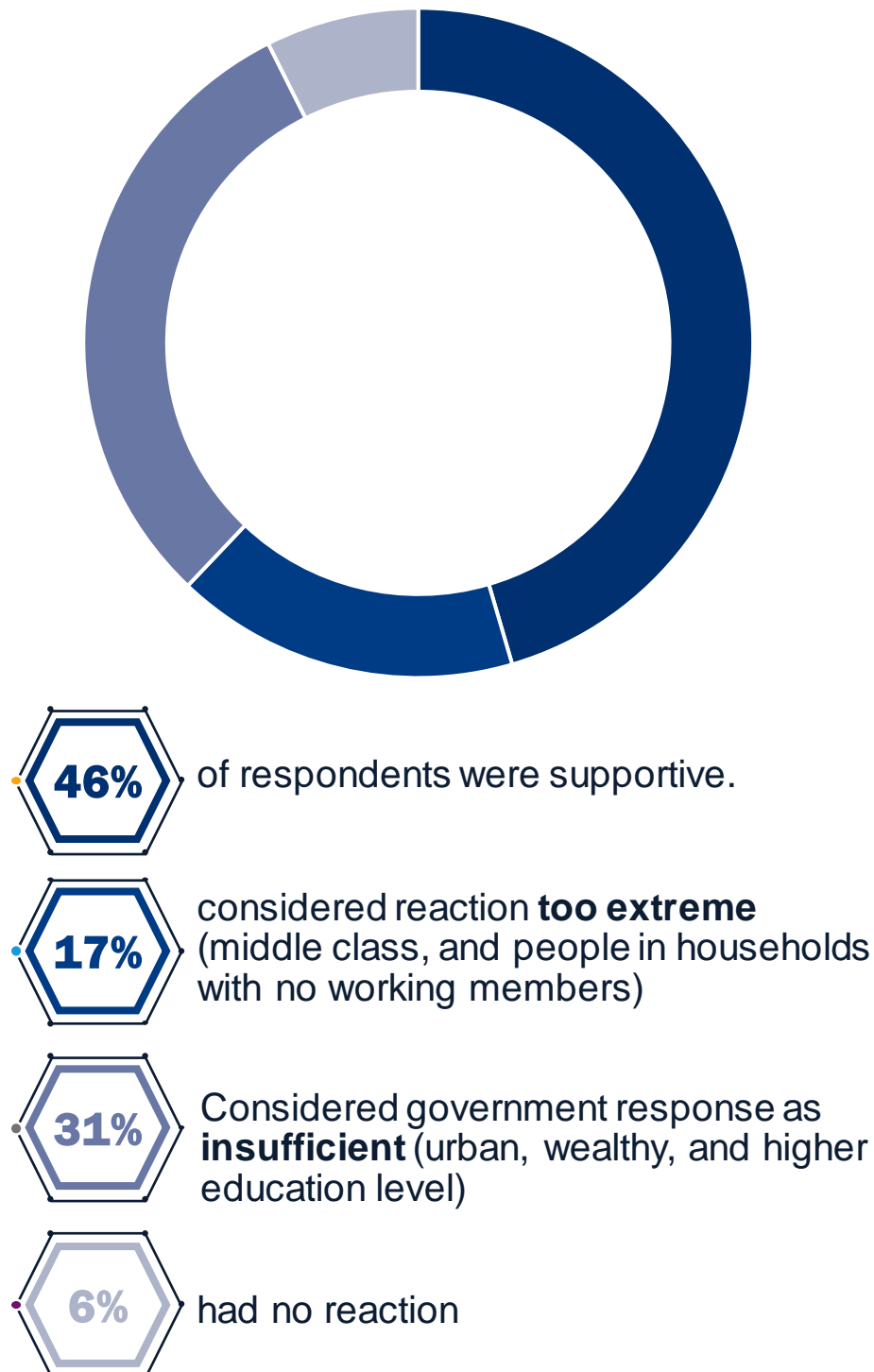


Considered government response as **insufficient**. These respondents were more likely to be middle-class, or not working, or with lower education levels.



had no reaction

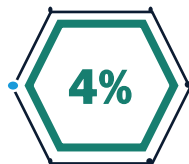
But less than half of respondents agreed with government's reopening plan in Summer 2020. One in every three respondents believed it insufficient.



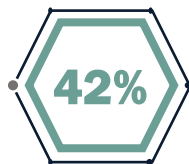
Nearly half of respondents thought that the government's financial support to households was not enough.



of respondents were **supportive** (rural, rich, higher education level, and working people).



consider reaction too extreme.

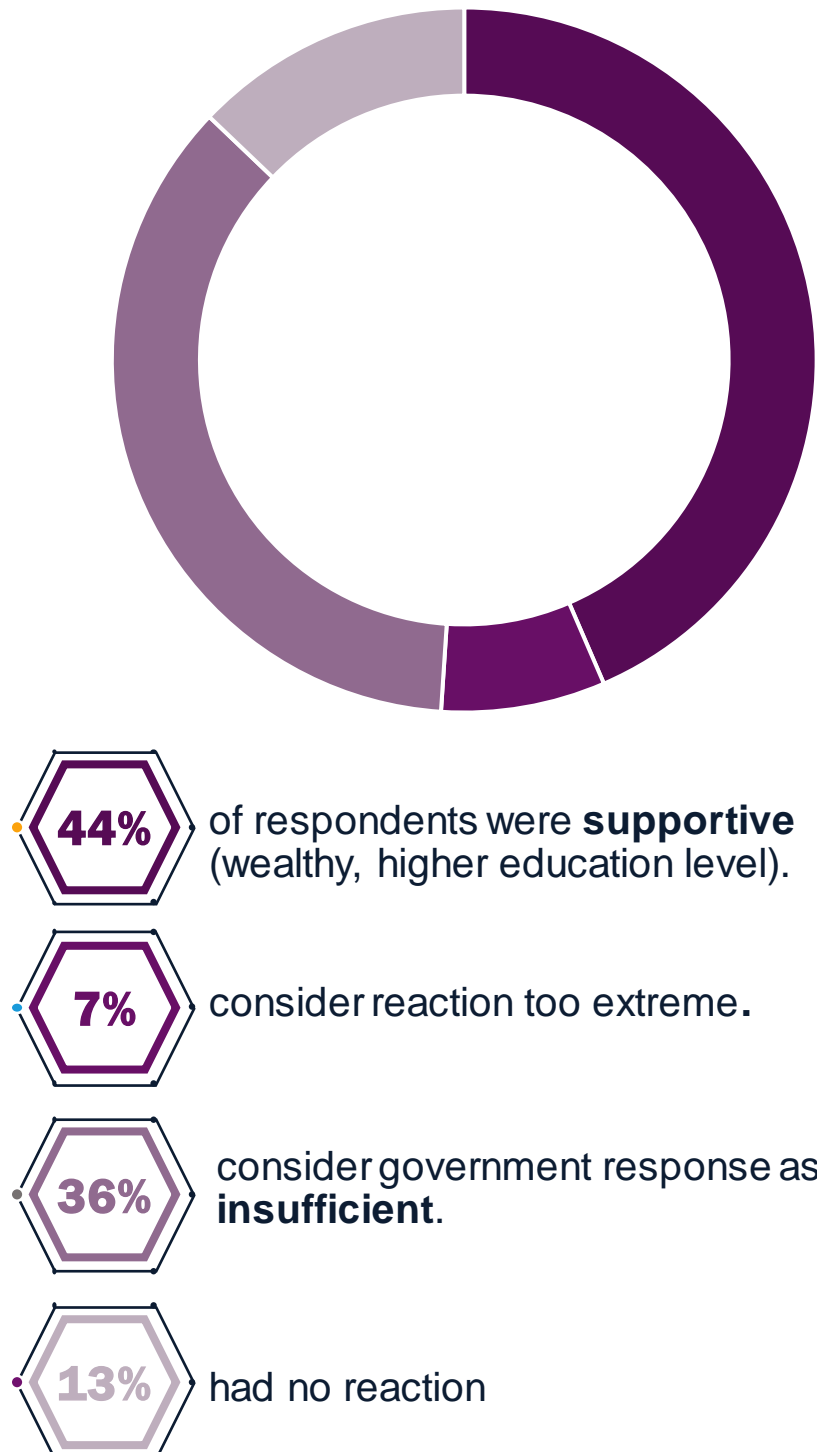


Consider government response as **insufficient** (urban, man, poor, lower education level, and not-working)



had no reaction

Close to half of respondents agreed with the government's support to businesses although one in three considered it insufficient. People who are wealthy or have a higher education level tended to agree more.



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Income, Savings, Credits

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Subjective wellbeing

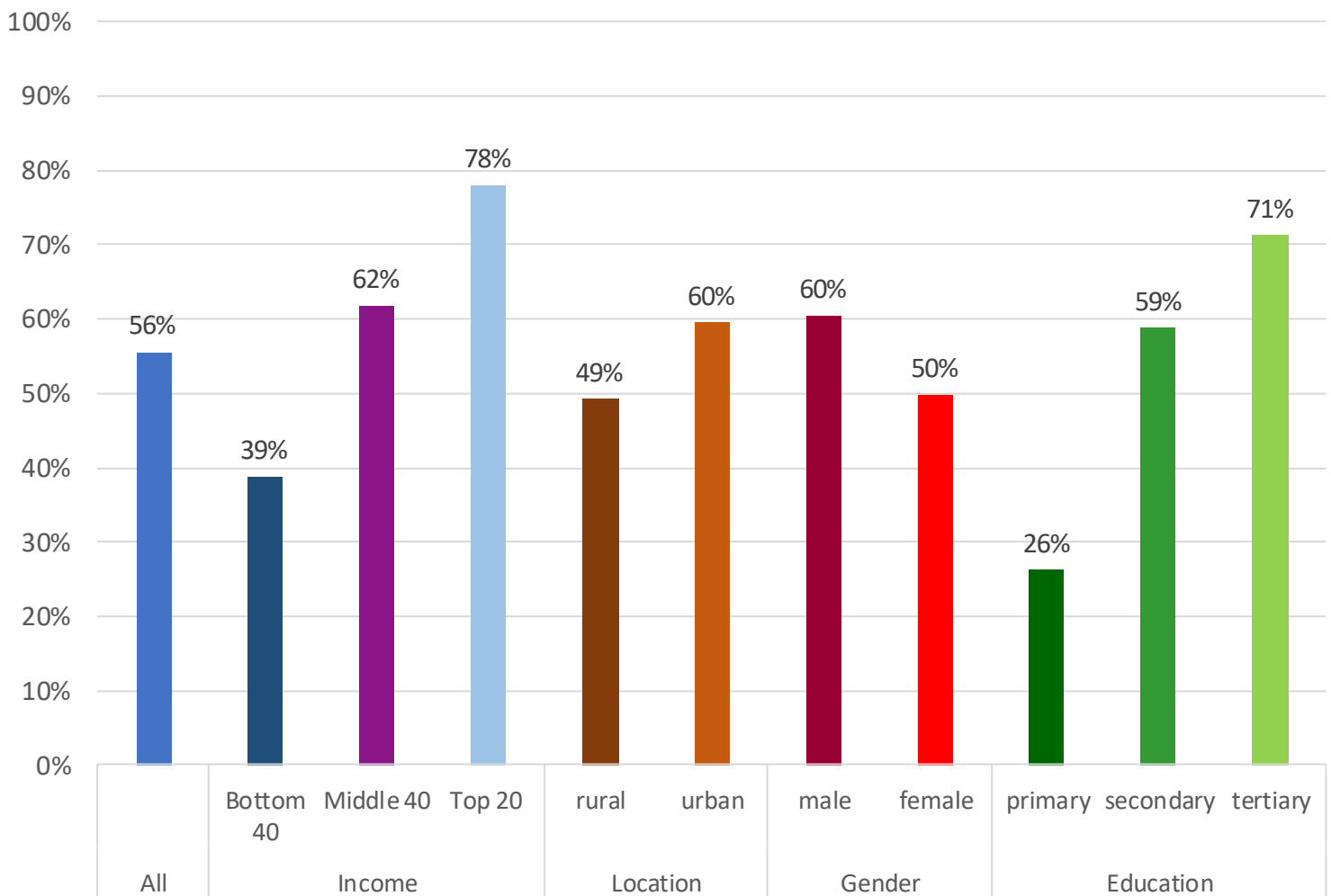
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Education



Before the pandemic hit (Feb 2020), about half of the working-age population were employed.

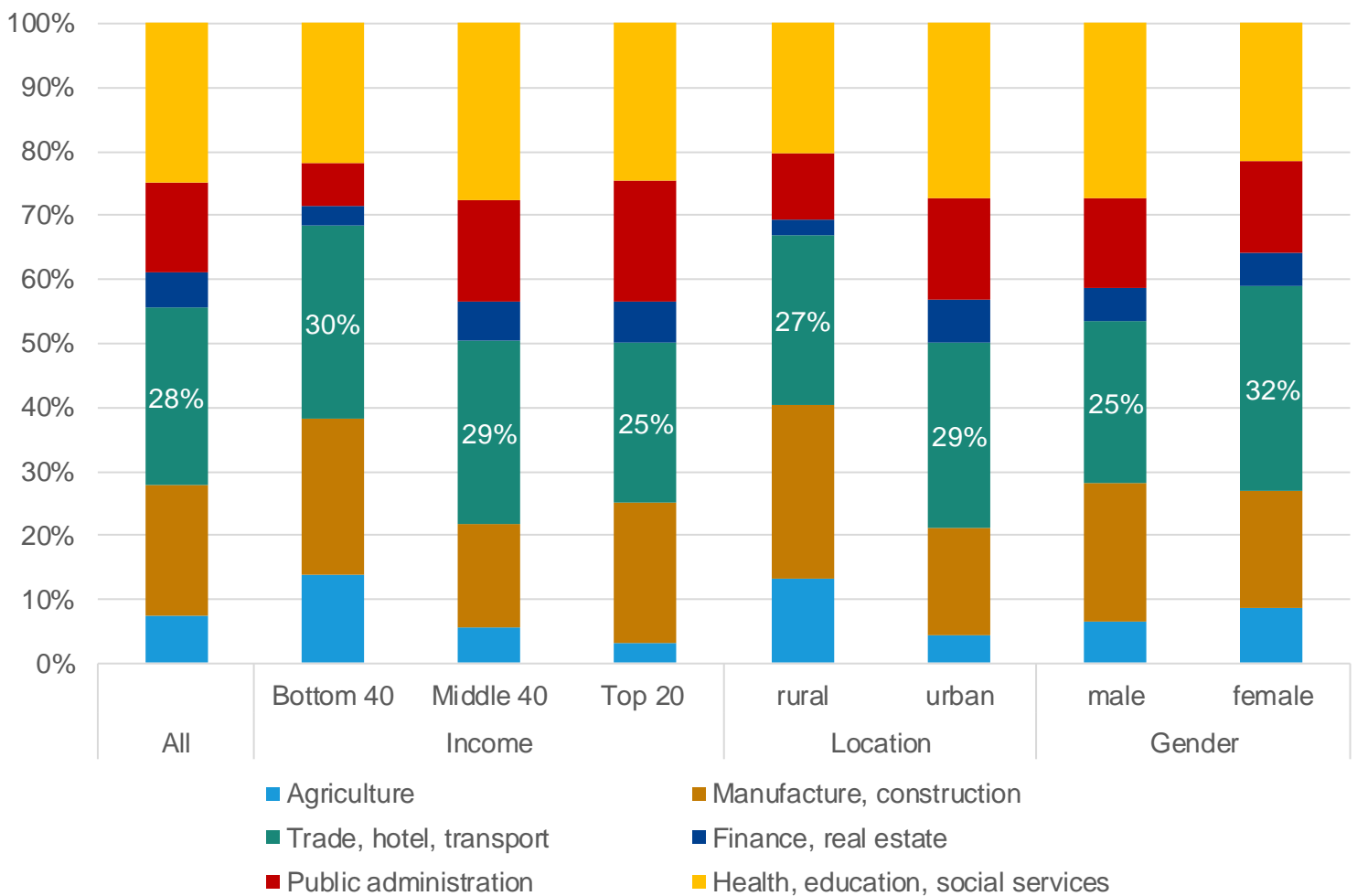
People who are male, live in urban areas, with higher education levels or in a high-income bracket were significantly more likely to work.



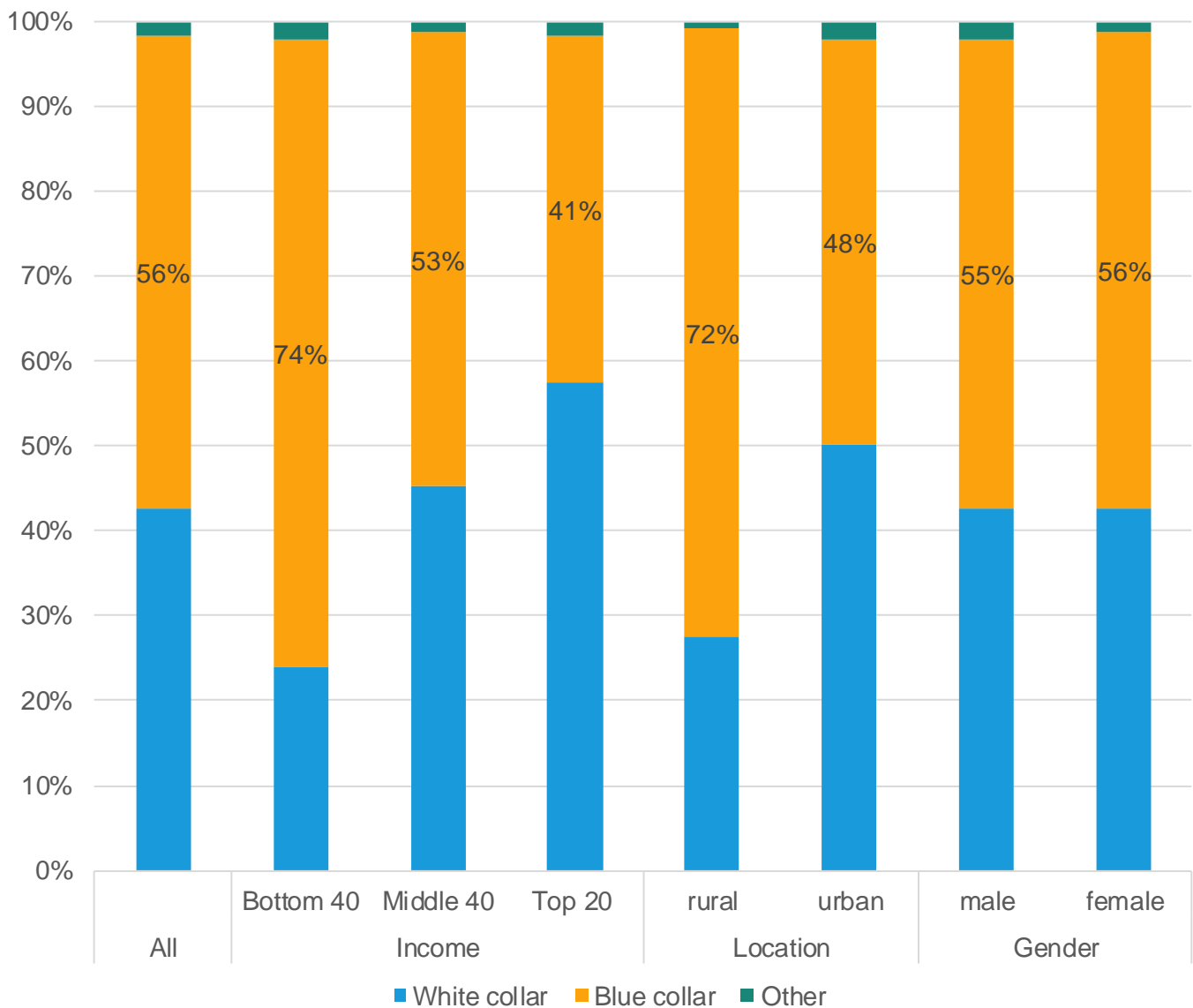
Pre-crisis job structure was very different across population groups.

Poor people were more likely to work in manufacture and construction sectors, while better-off people worked in public administration.

Women tended to concentrate in the service sector (trade, hospitality), while men were more likely to work in manufacture and construction, and health and education sectors.

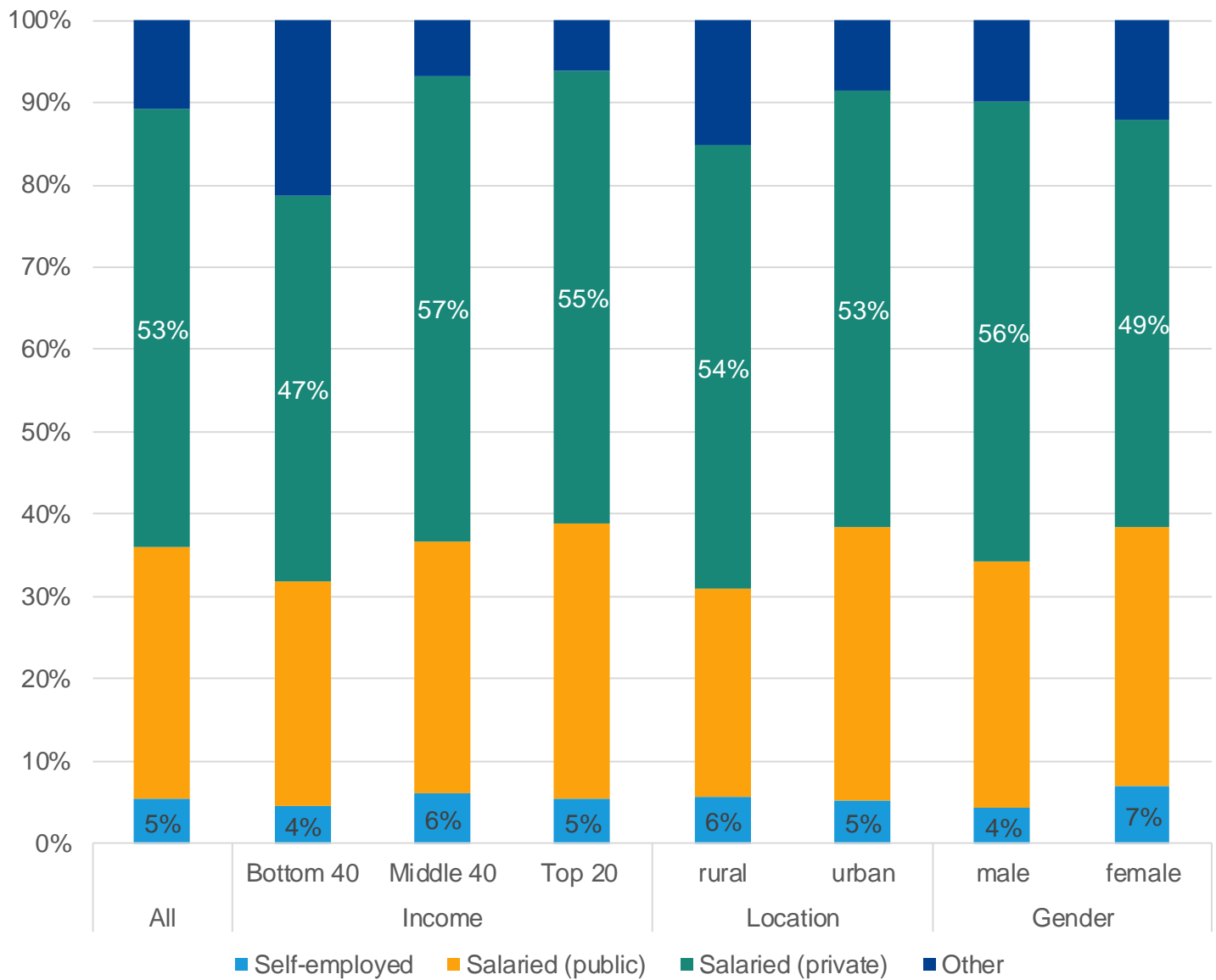


Pre-crisis, 55 percent of workers were blue collar, but wealthier people and urban residents were much more likely to hold a white-collar job. Women were as likely as men to hold a white-collar job.

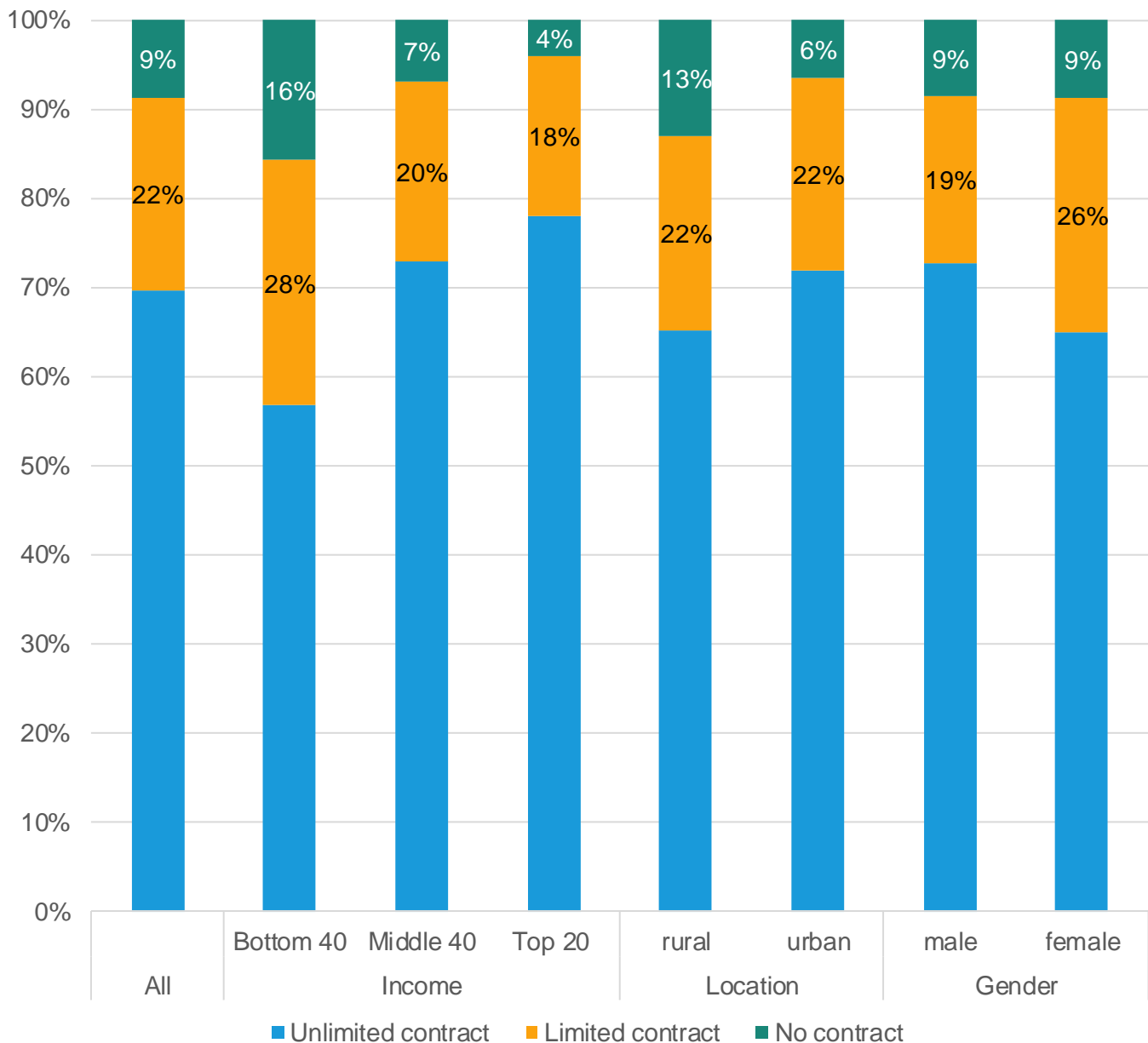


Pre-crisis, more than half of Croatians had a salaried job in private sector.

Men were more likely than women to have a salaried job in the private sector.

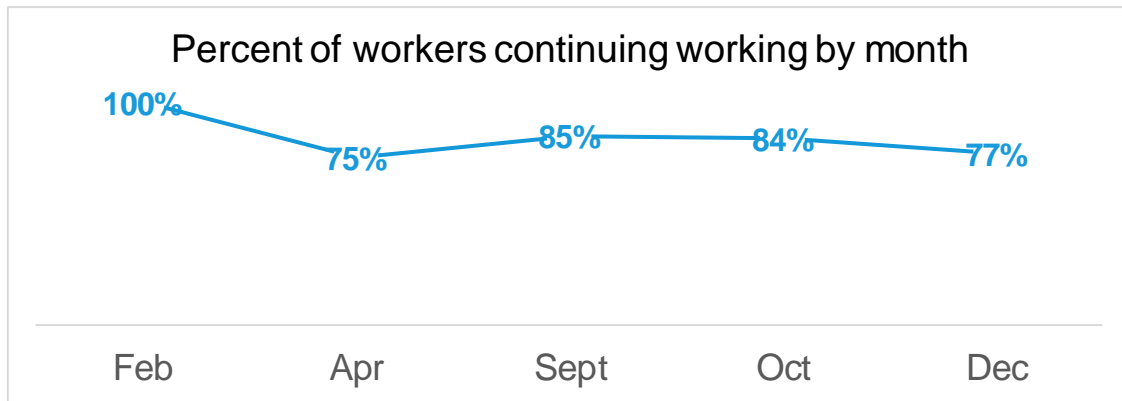


Pre-crisis, about one in every three Croatians had either a limited work contract or no contract at all. Women and lower-income workers were more likely to have insecure contract.

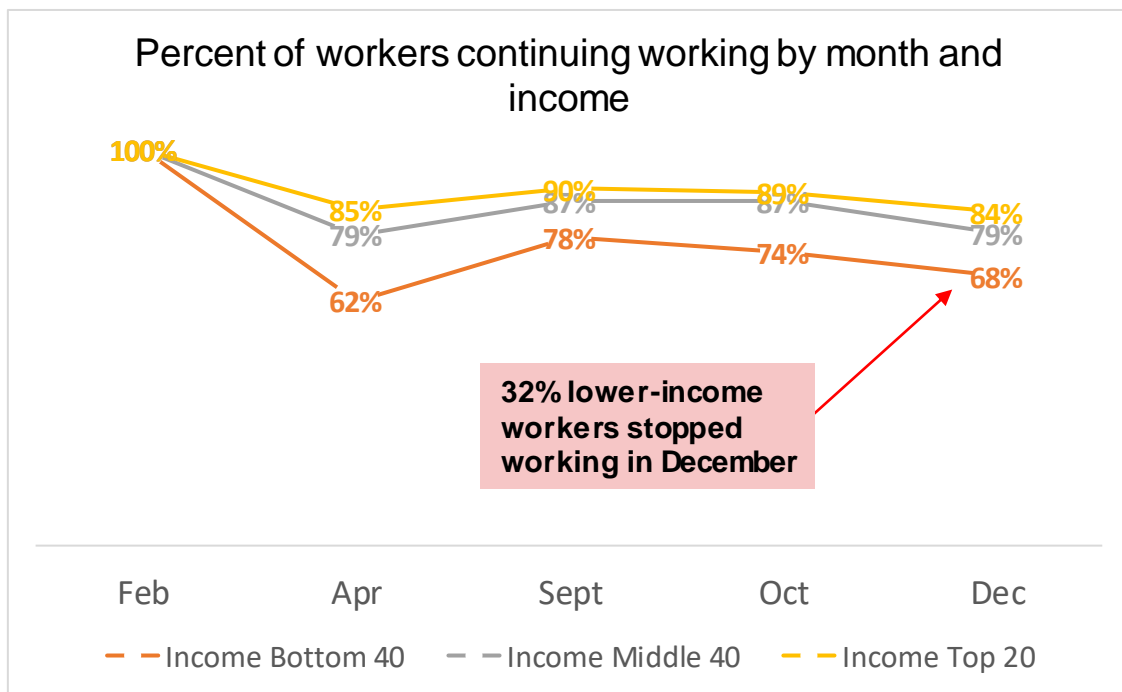


Work stoppages were significant, with stronger effects on lower-income workers. Among those working in December, 95 percent kept the same job as what they had before the crisis.

77 percent of those working in February managed to continue working in December 2020

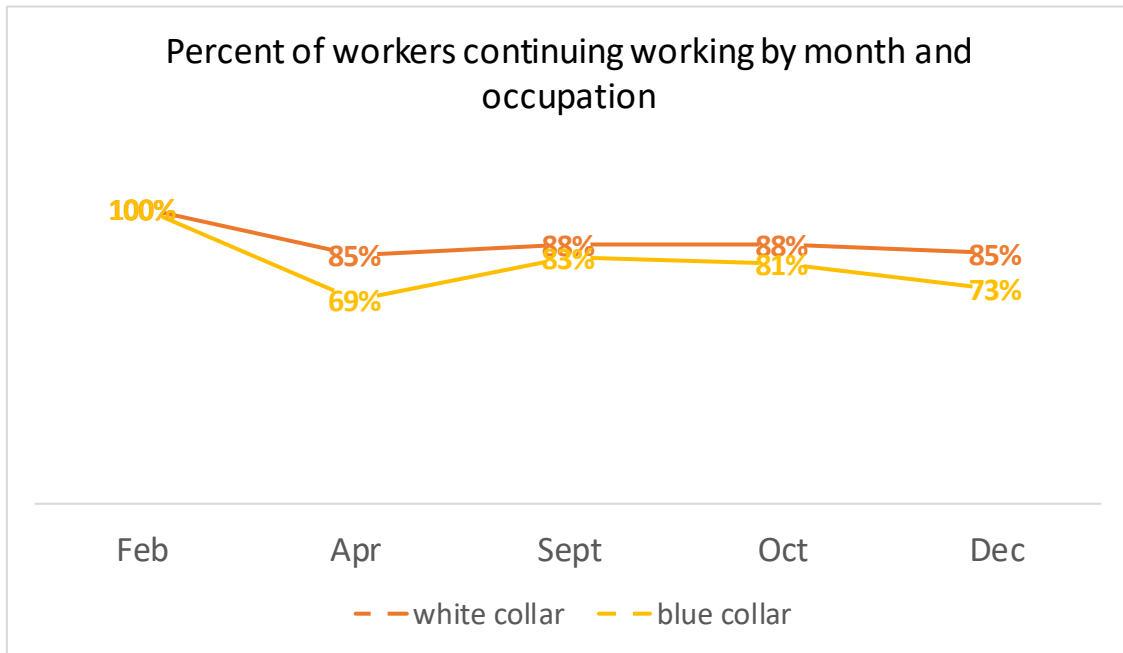


Nearly one in three poor workers stopped working by December

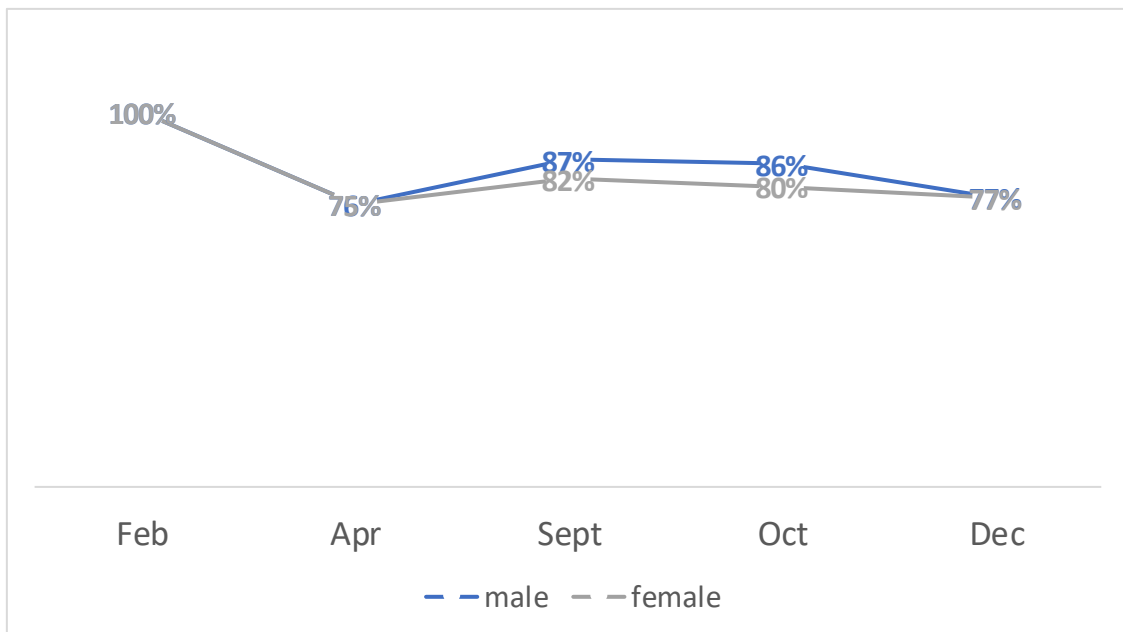


9 months after the outbreak of COVID-19, blue-collar workers were still more likely to stop working than white-collar workers. However, the gender gaps in work stoppage had disappeared by December.

73 percent of blue-collar workers working in February managed to continue working in December 2020



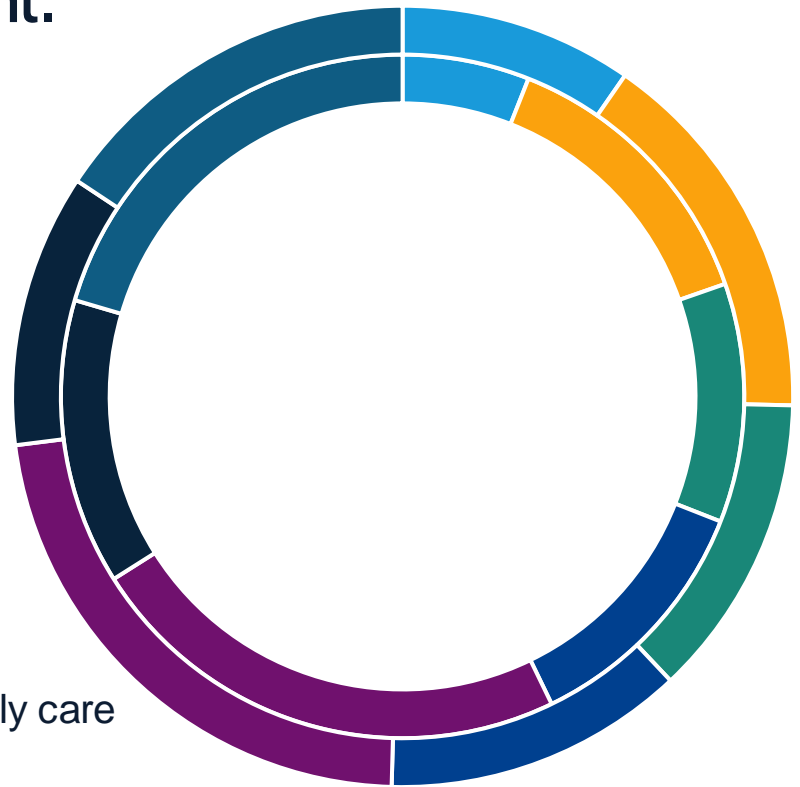
Women were as likely as men to continue to work in December 2020



Source: Croatia COVID-19 Rapid Response Survey (2020)

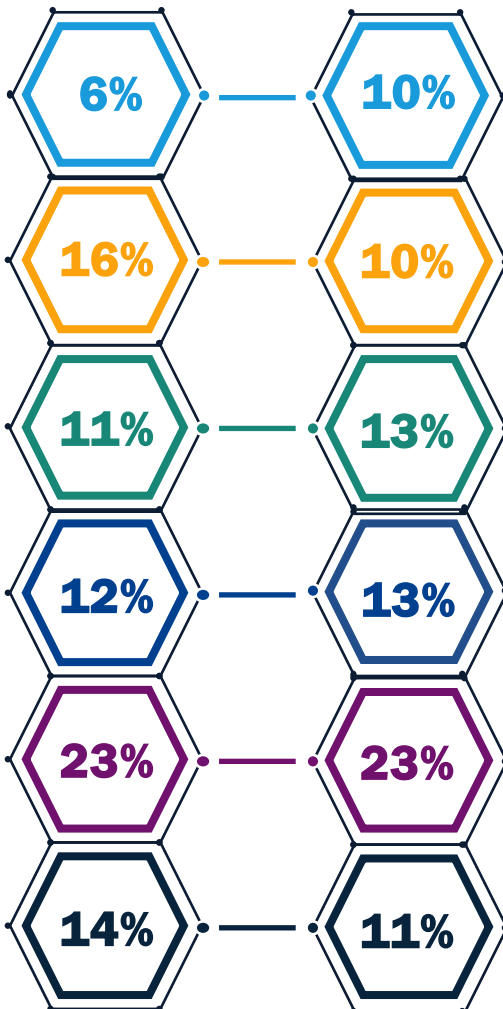
Croatian economy has been reopened since the summer. But as of December, one in four people who stopped working cited the reason was temporary unemployment.

Reasons for work stoppage



Sept-Oct

Dec



Family care

Business went bankrupt or temporarily closed due to COVID-19 reasons

Health issues

Lost job due to less business

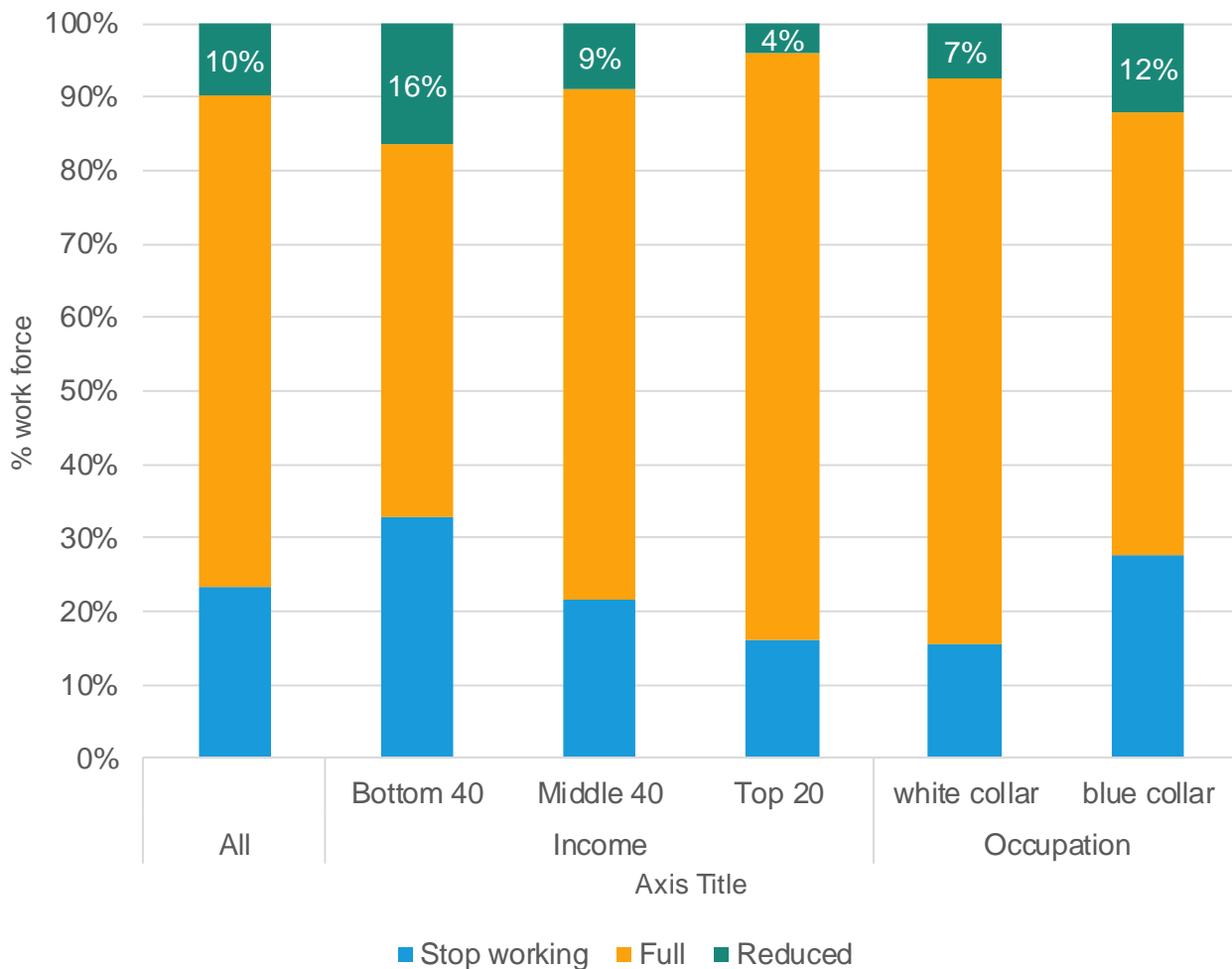
Temporary unemployed

Retirement

By December, one in ten workers still had a reduction in working hours.

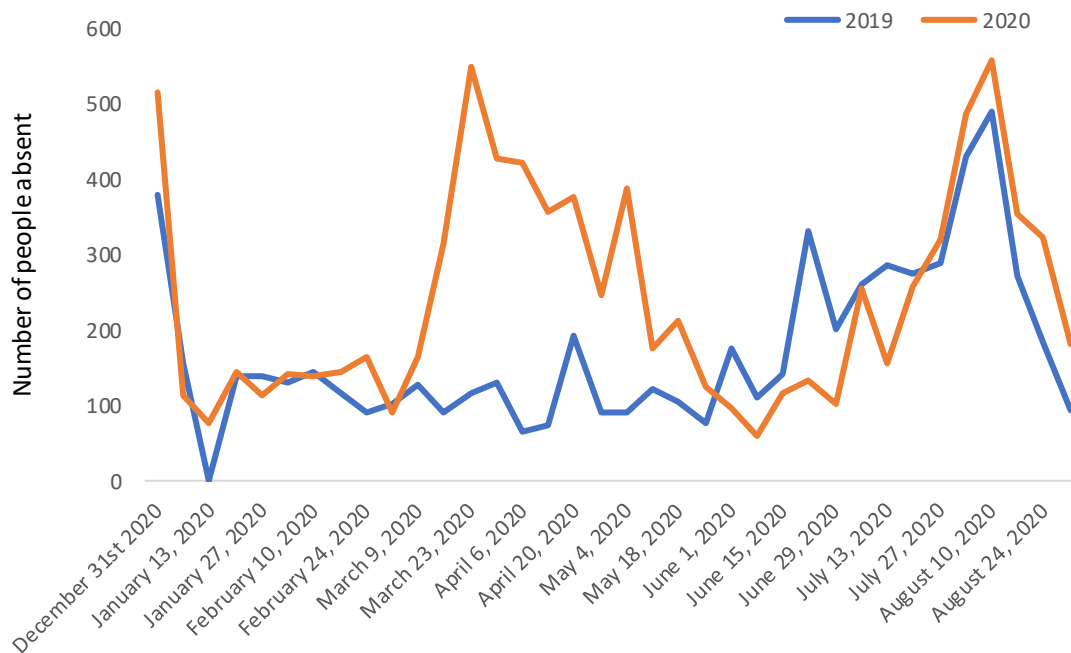
Not only were blue-collar workers more likely to stop working. They were also more likely to report a reduction in working hours.

Low-income workers were significantly more likely than high-income workers to suffer a cut in working hours.

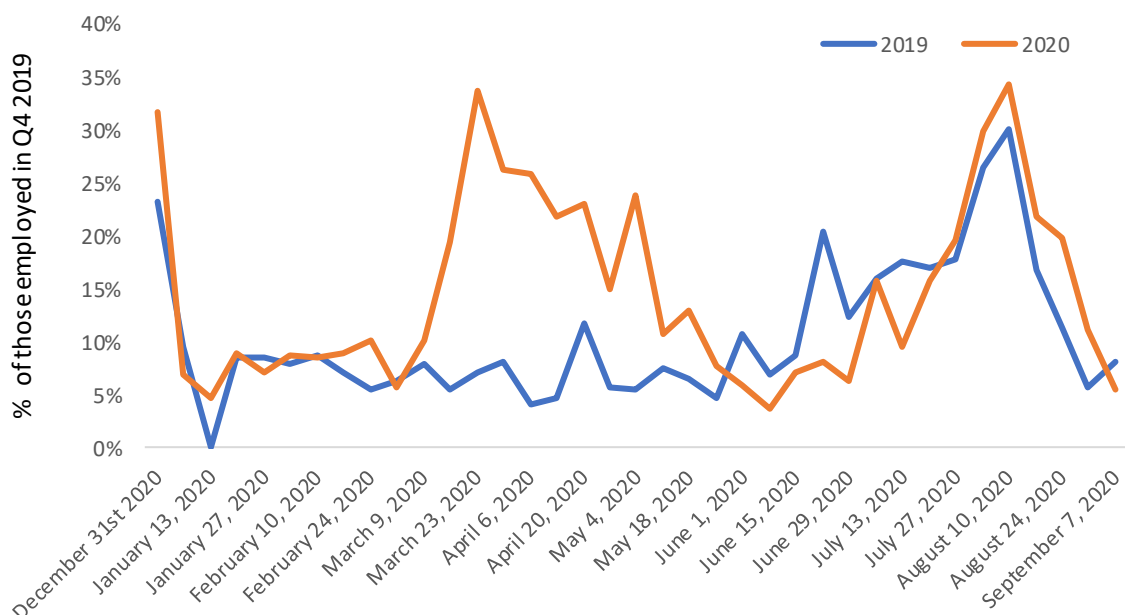


Compared to the same time last year, the number of people absent from work increased dramatically in March and April. But even when the economy reopened in the summer, the number of people absent from work was still higher than same time last year.

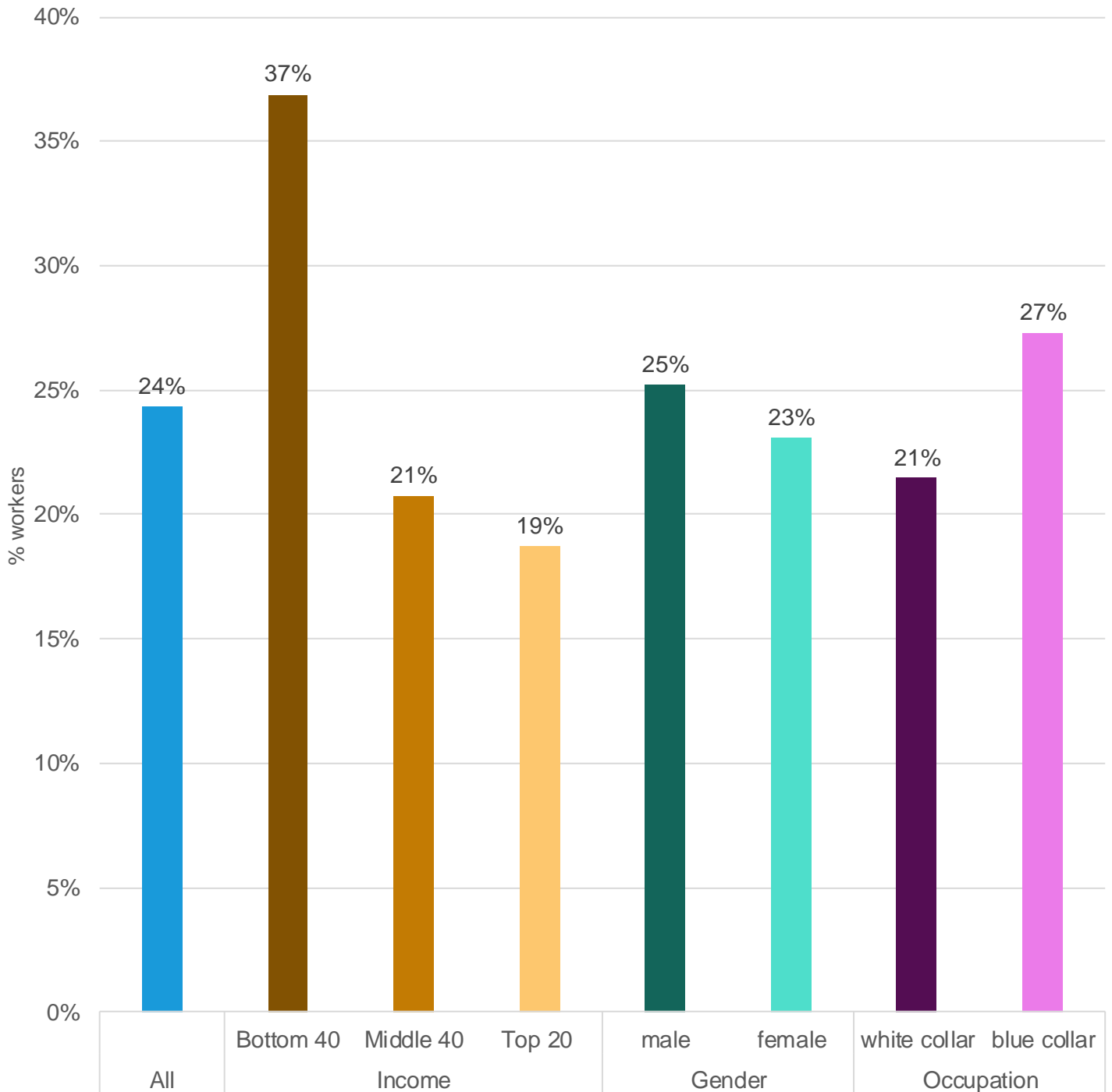
Number of people absent from work in Croatia in 2020, compared to 2019



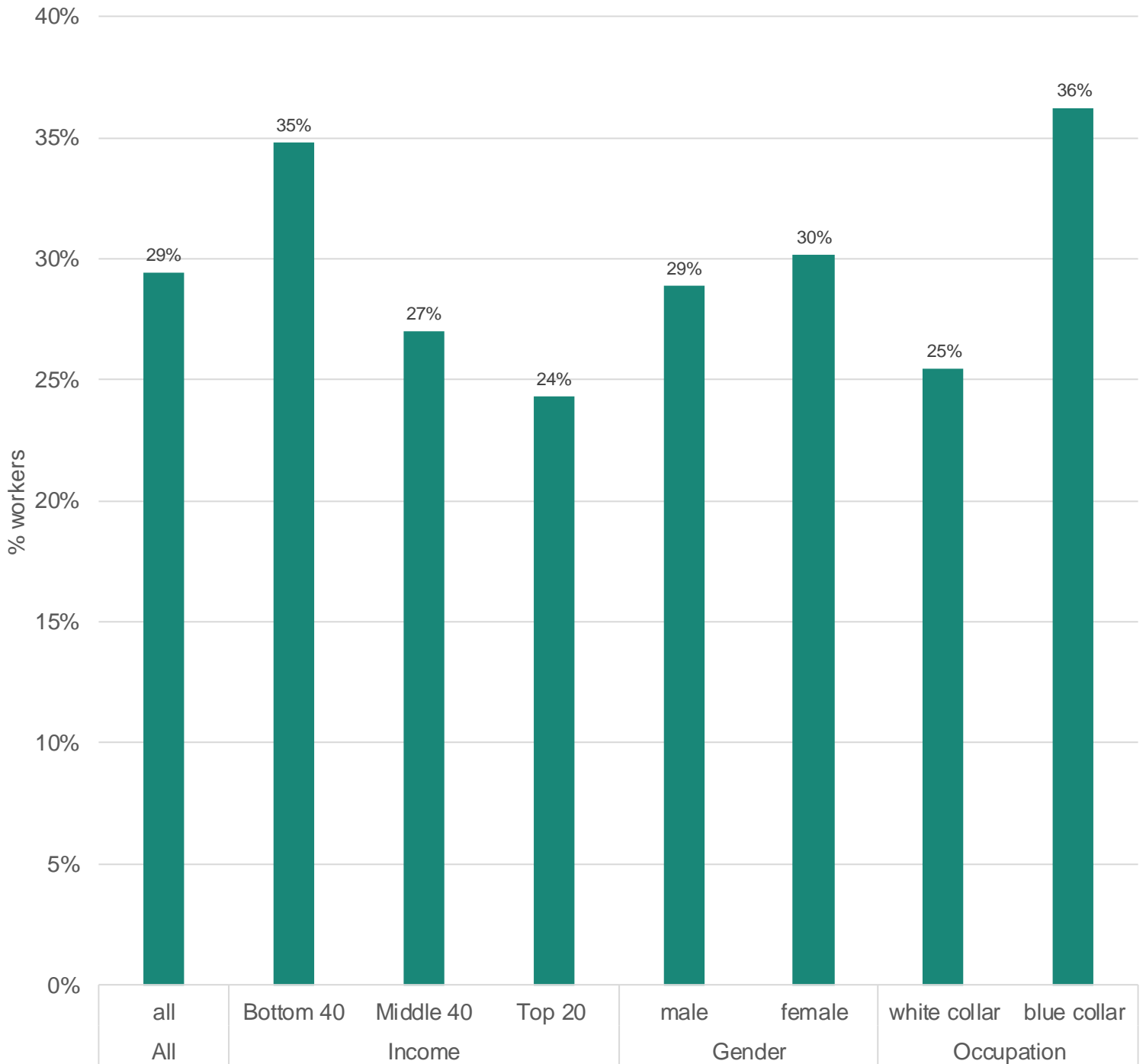
Share of employment (as % of Q4, 2019 employed)



Following a cut in work hours, workers experienced a reduction in salary in December, especially among low-income workers and blue-collar workers



Croatian workers, in particular lower-income and blue-collar workers, reported a reduction in overall income in 2020 compared to 2019.



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The Government's emergency response to the COVID-19 crisis has helped temper the impact on the labor market.



Tax measure (direct and indirect)

- Payment deferrals
- Reduced VAT



Other economic stimulus measure

- Financial liquidity
- COVID-19 loans



Employment related measures

- Grant to support reduced working hours
- Grant for the preservation of jobs for people with disabilities
- Job preservation grant for affected sectors

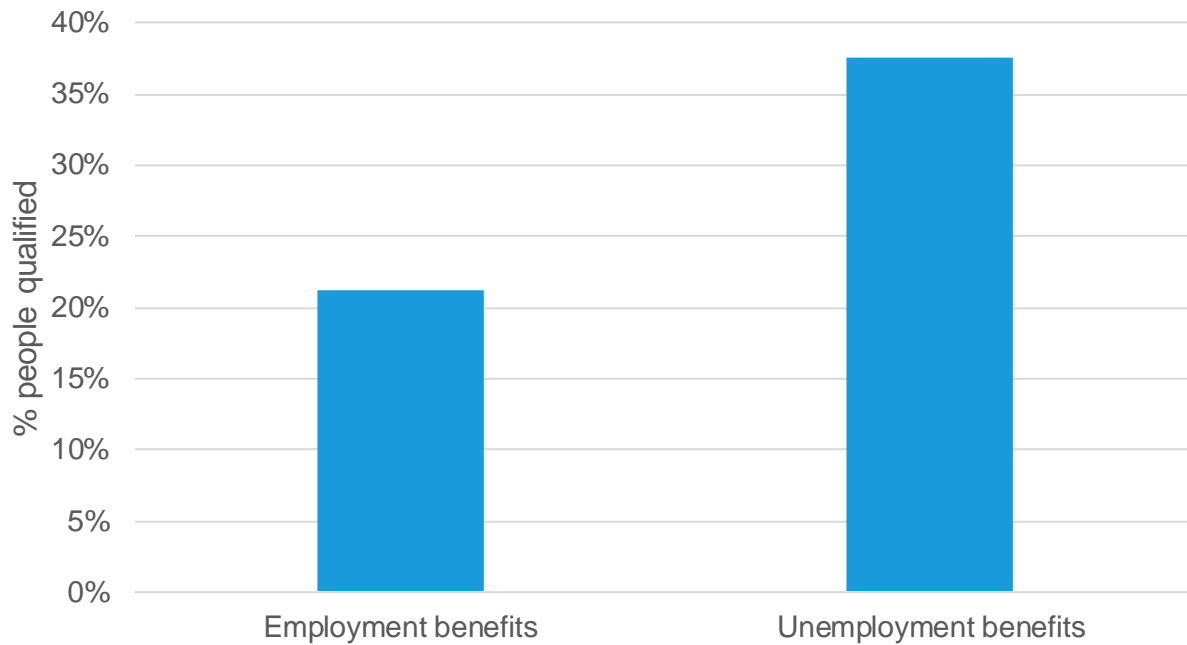


World Bank support

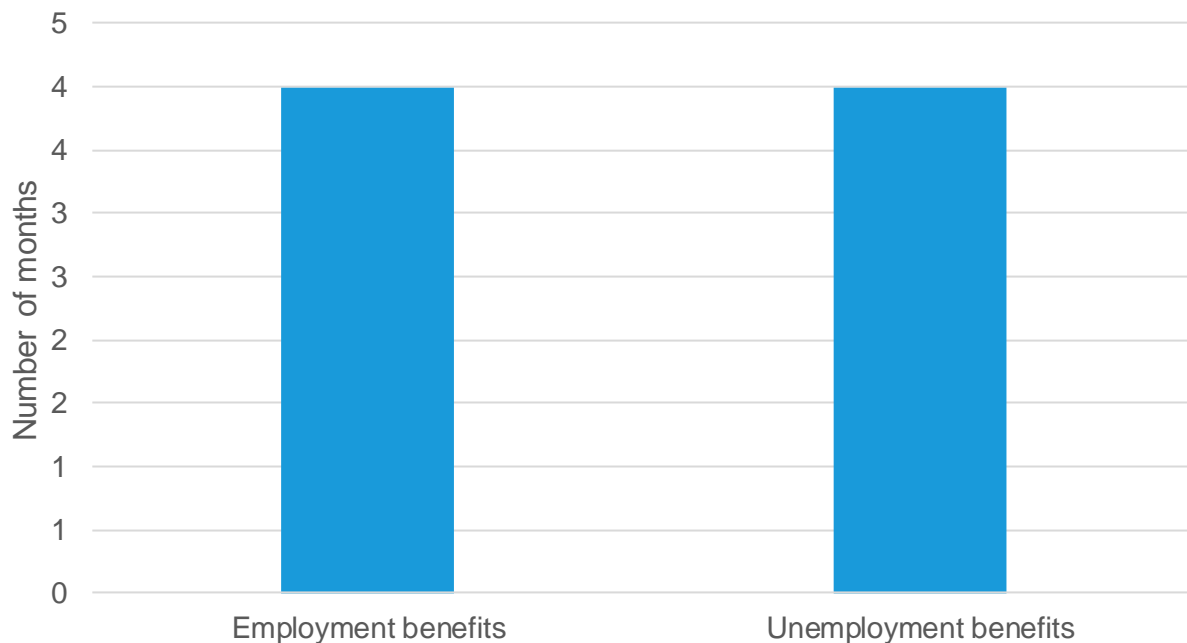
- Crisis Response and Recovery Development Policy Financing (\$300 million)
- Earthquake Recovery and Public Health Preparedness Project (\$200 million)

Many respondents reported receiving unemployment benefits and COVID-19 employment support from the government.

Nearly 40 percent of unemployed workers received unemployment benefits in December; and 20 percent of workers received support from the government.

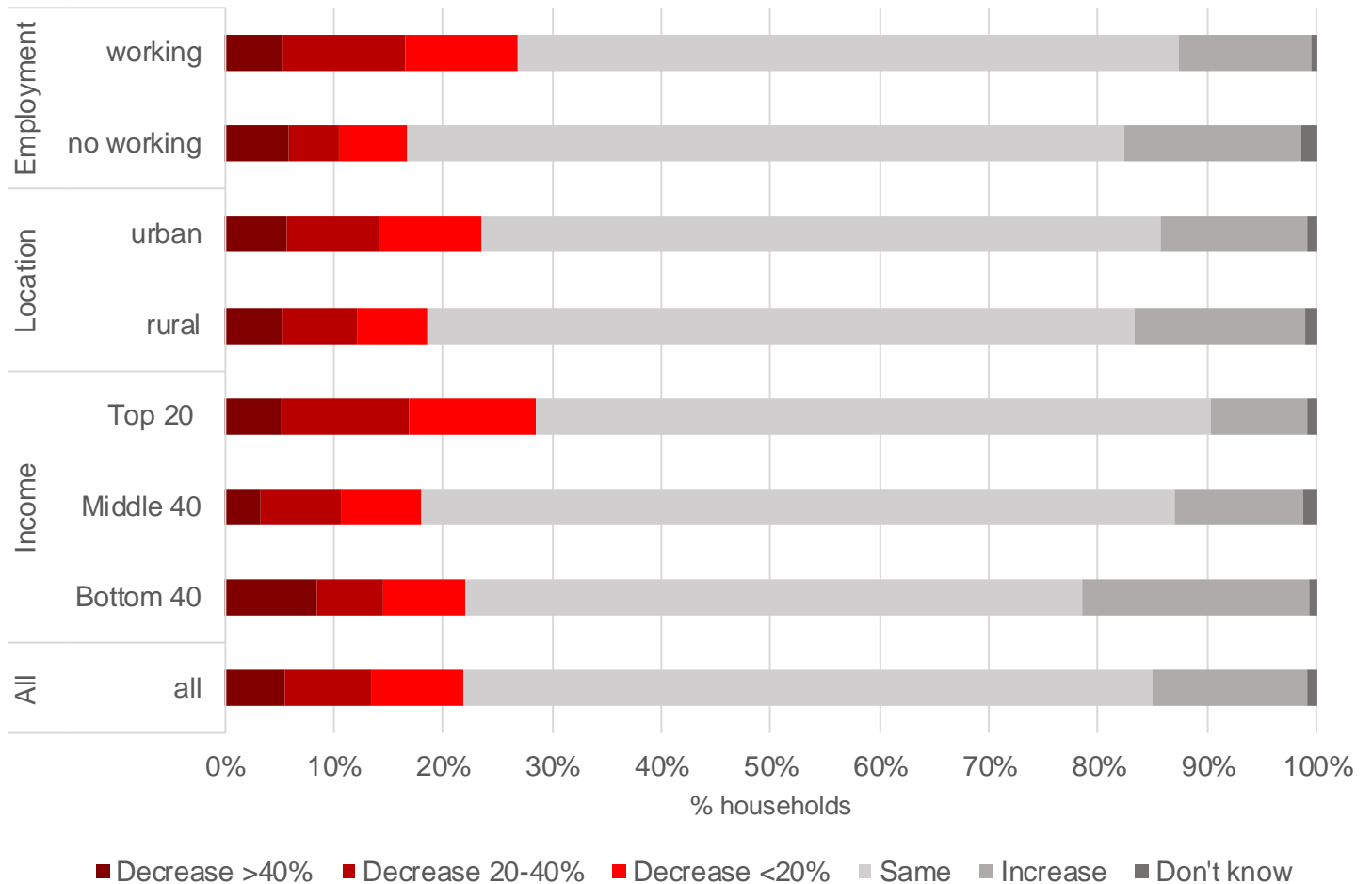


On average, beneficiaries received support for 4 months since the outbreak of the pandemic.



Household income still declined across the board. By December, one in five households reported so.

Reported decline in income by household type (% households)

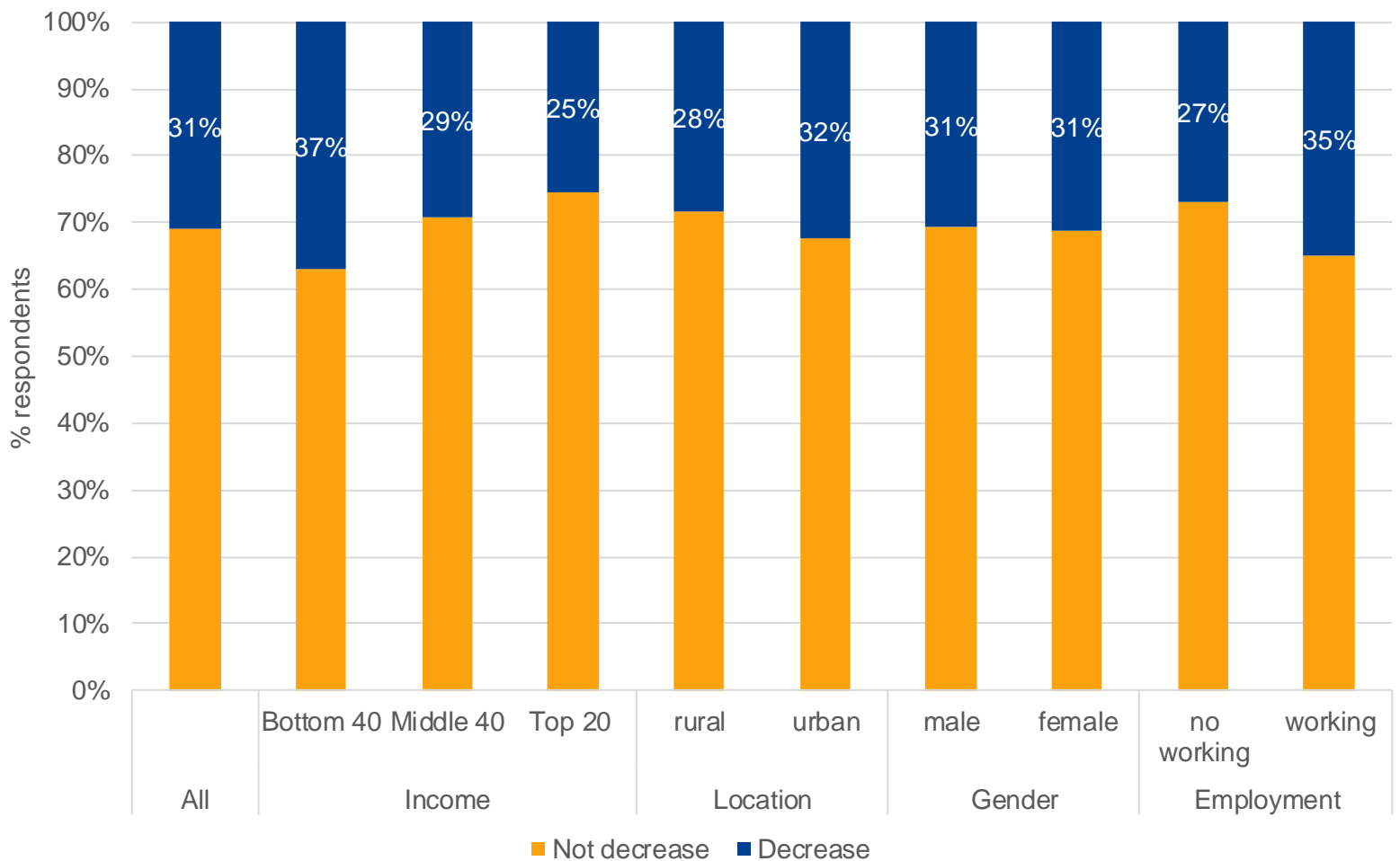


22% of households reported drop in income.

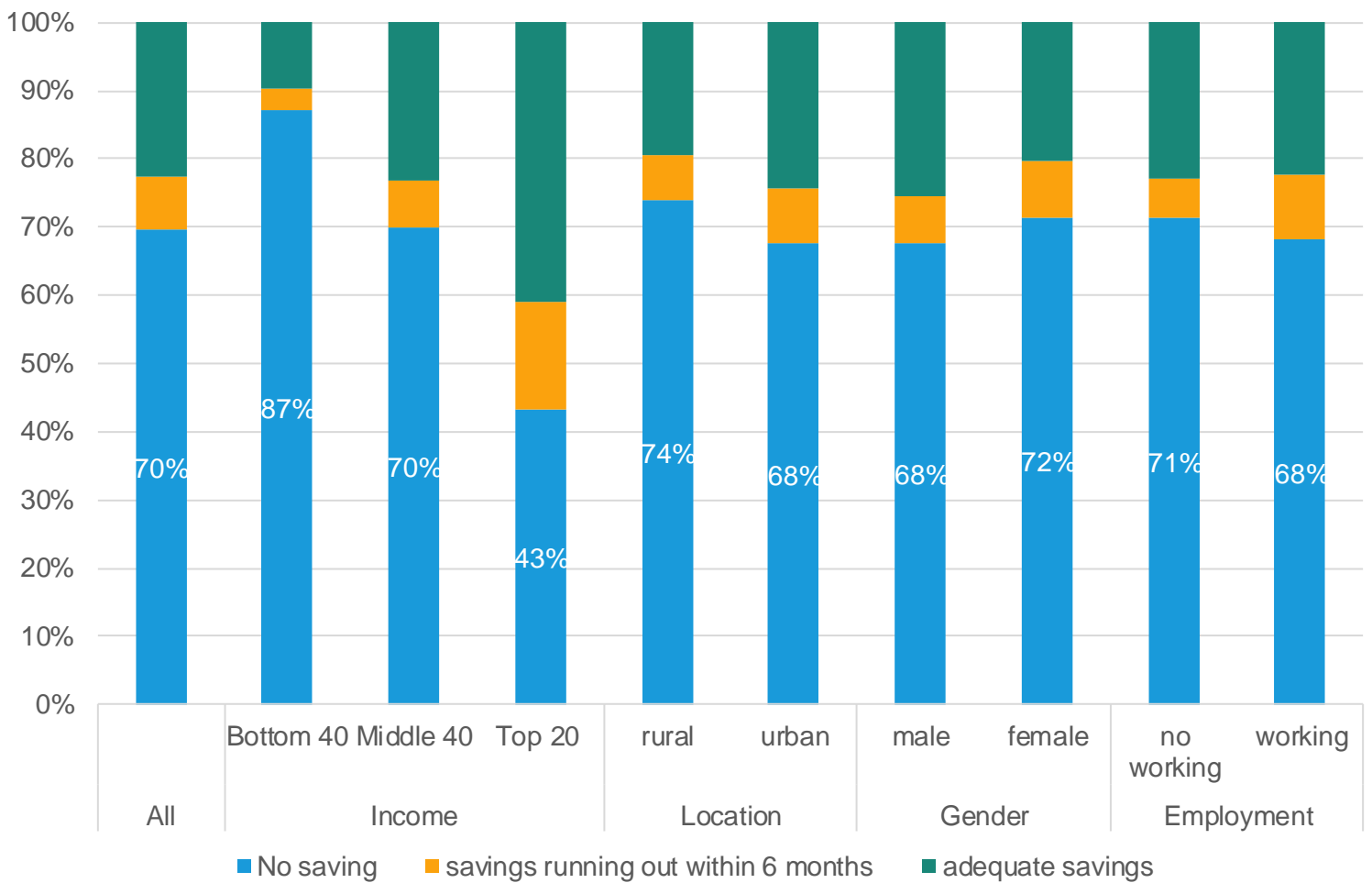
The wealthiest, urban households, and households with at least one working member were more likely to experience income reduction.

However, the gender of the household head does not play a significant role in household income reduction.

Consistently, a third of Croatian households saw their bank account balance in December decrease compared to their pre-crisis balance, especially among poor households and households with at least one working member.

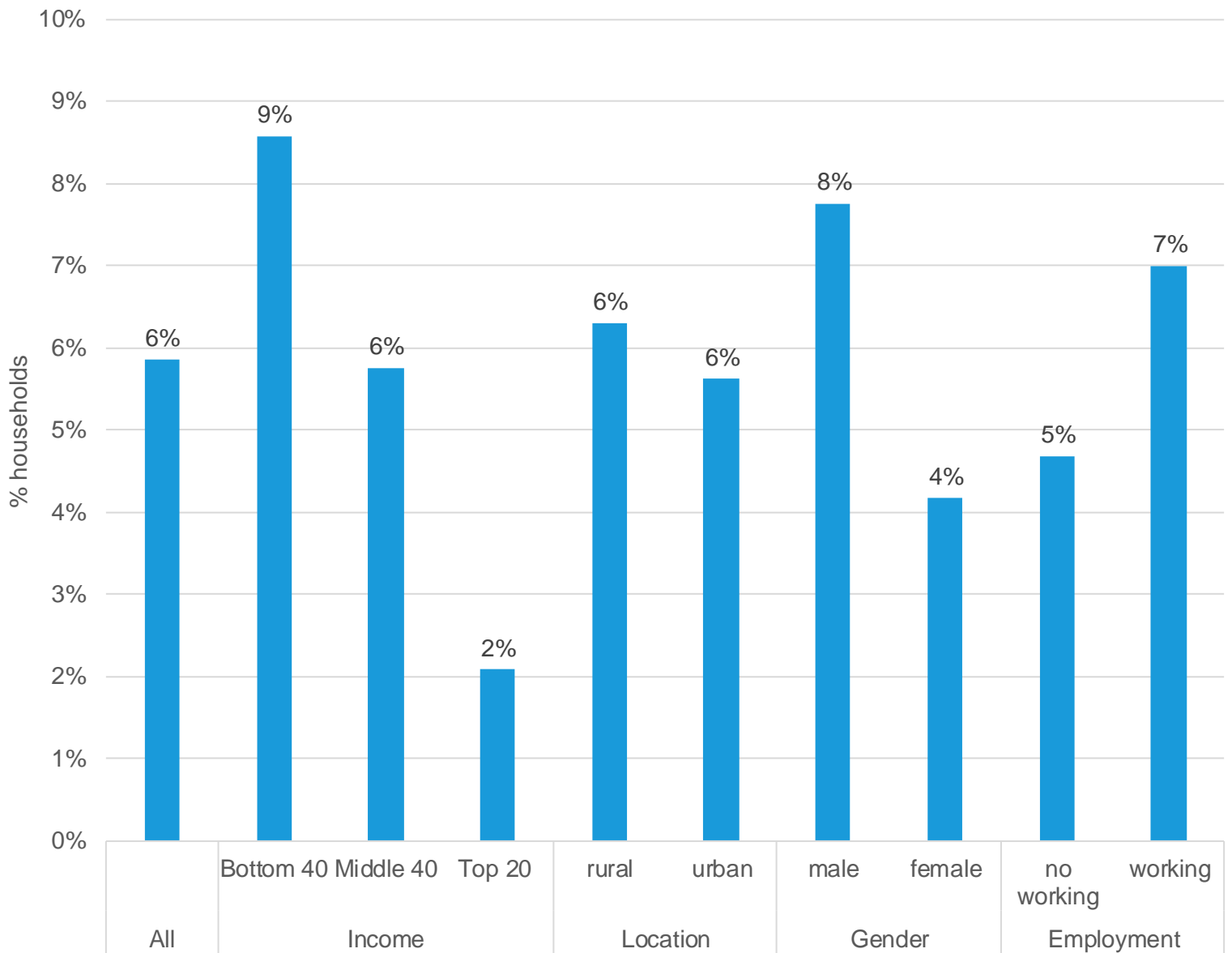


Moreover, nearly 80 percent of Croatian households had inadequate savings to weather the second wave of the COVID-19 crisis. The situation is more challenging for poor or rural households.

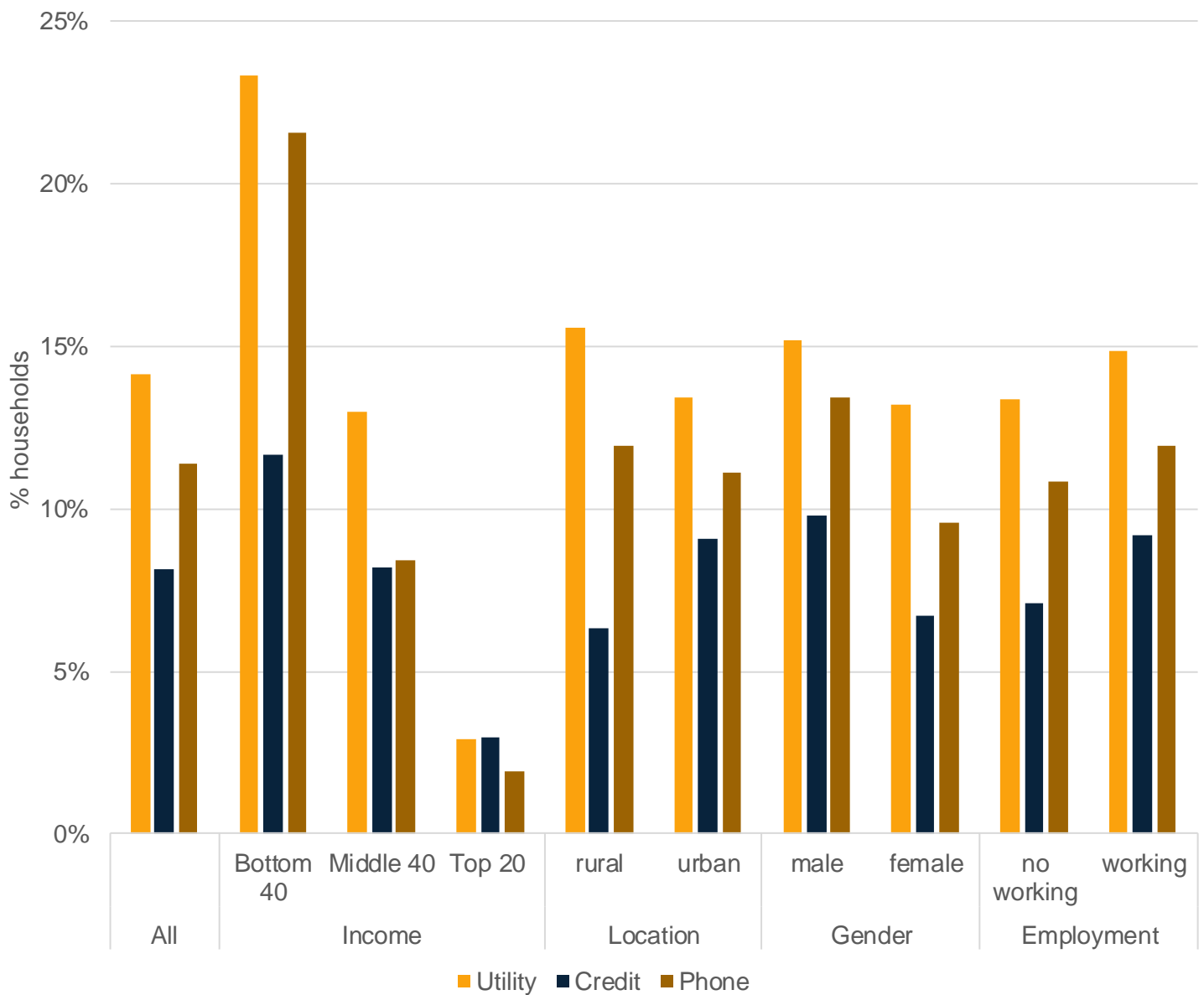


On average, 6 percent of Croatian households fell behind in mortgage payments by the end of 2020. Poor households, households headed by males, and households with at least one working member were more likely to have mortgage debts.

Mortgage



Nearly 15 percent of Croatian households were not able to pay their utility bills in December. This corresponding figure is 23 percent among poor households. The same pattern is observed when we consider payments of credits and phones.



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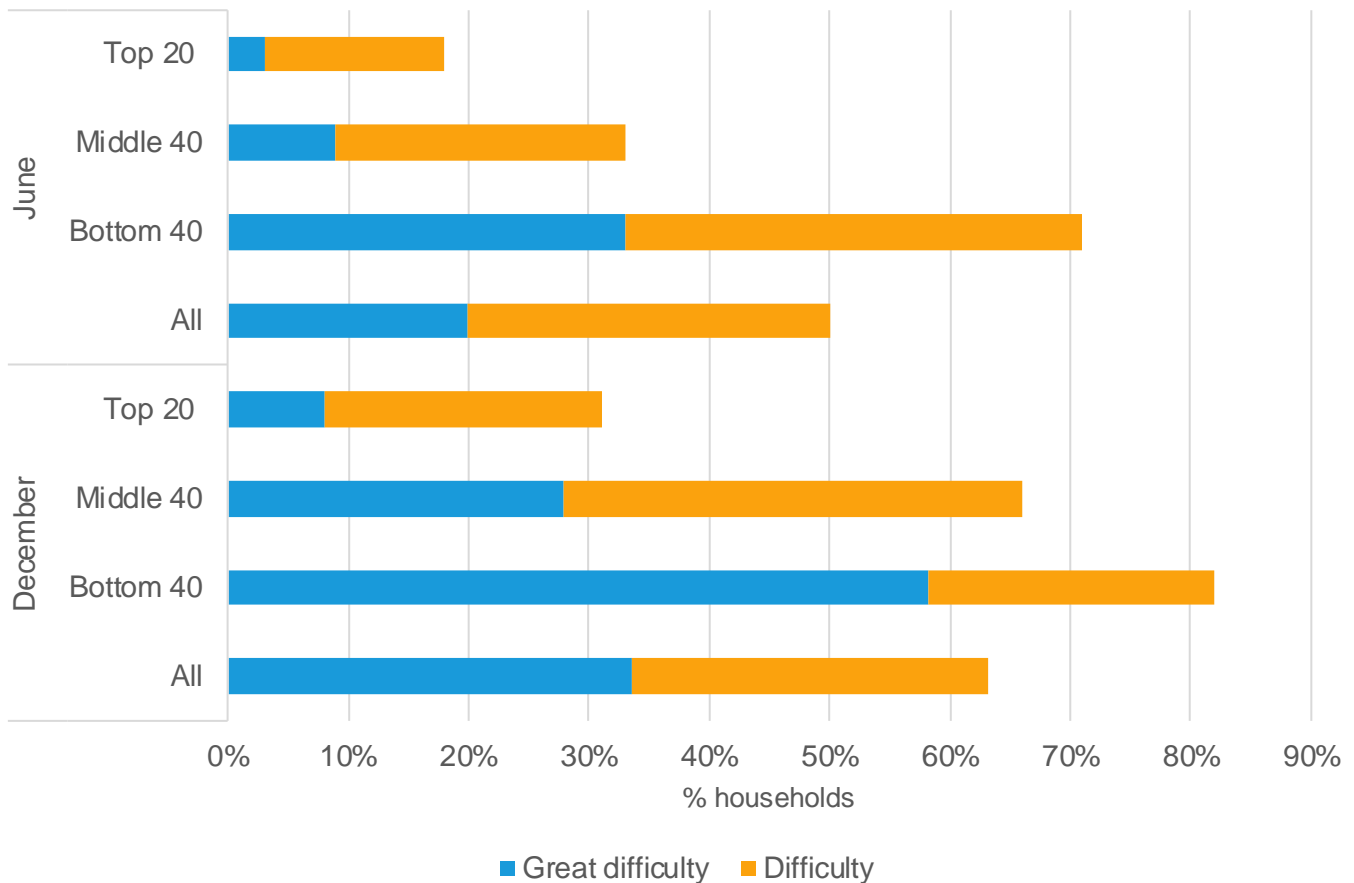
Subjective wellbeing

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There were more households facing difficulty to make ends meet in December than in June.

Difficulty to make ends meet



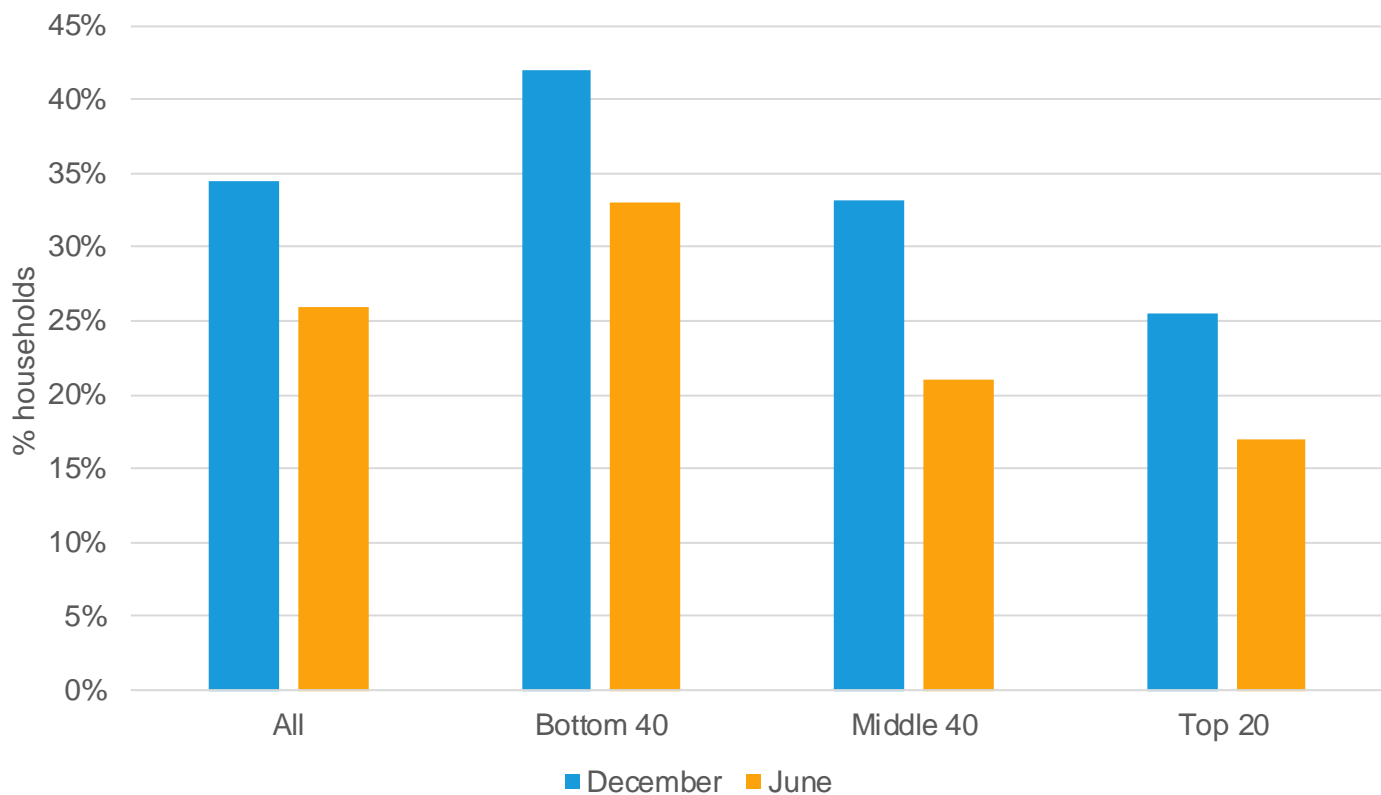
65% of all households reported difficulties with their current income level to pay for their needs in December compared to 50% in June.

Poor households suffered the most. So did rural households, or households with no working members.

But female-headed households did not appear to face more difficulties than male-headed households.

By now, nearly 35% Croatian households reported deteriorating economic situation compared to the pre-crisis level. The corresponding number was 25% in June.

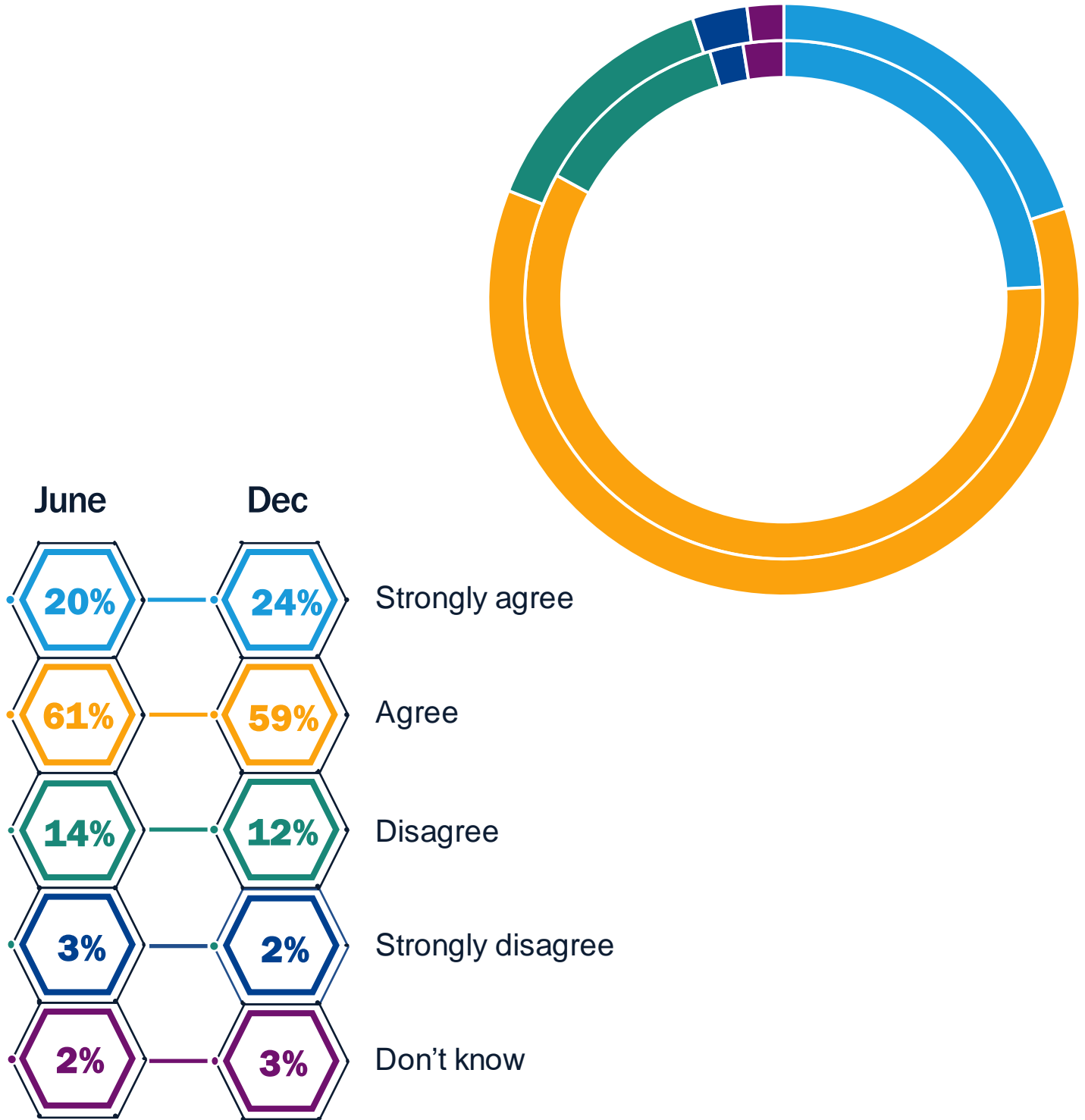
More difficult to make ends meet compared to February



Poor households suffered the most.

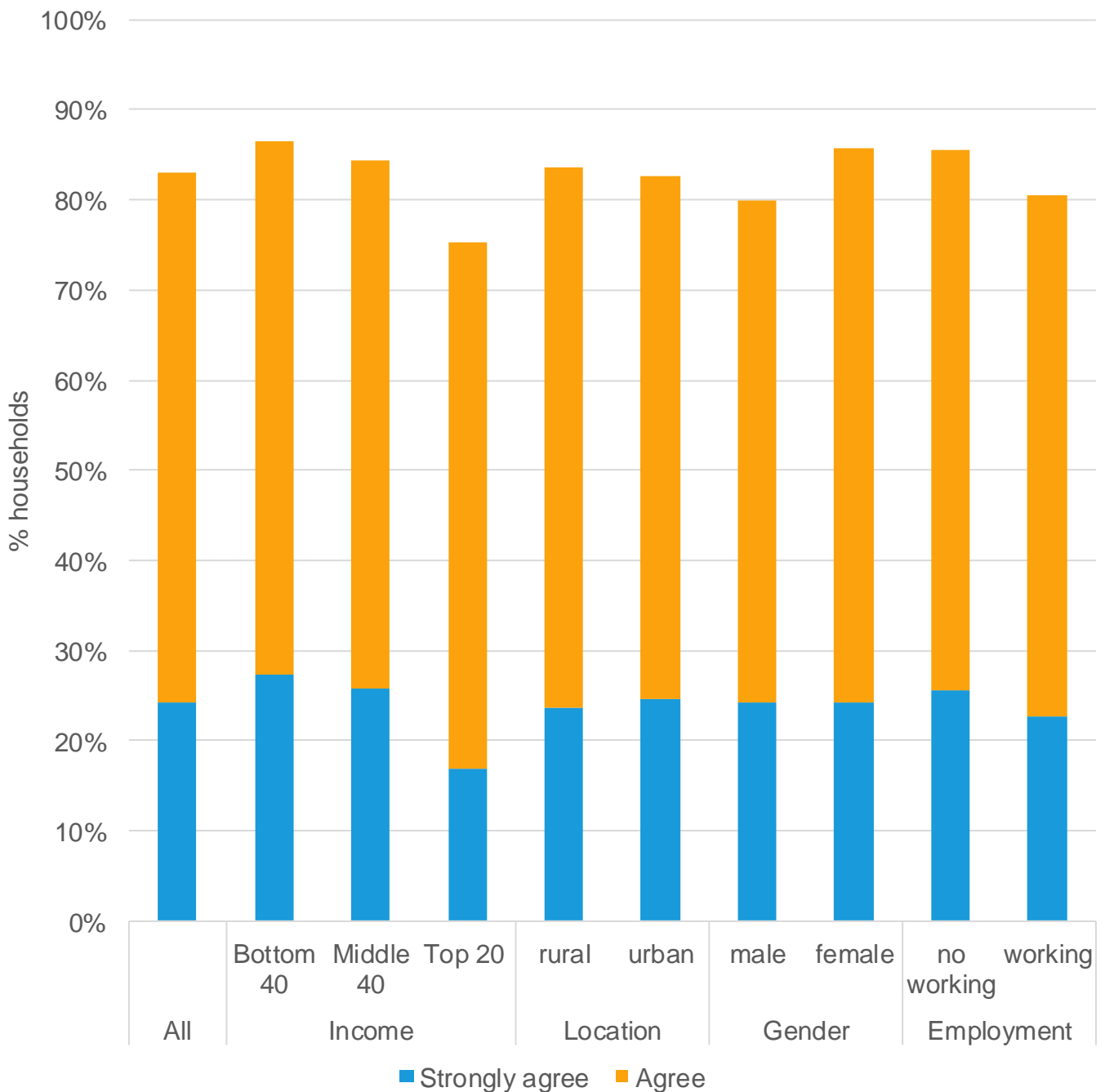
But there are no significant differences across population groups (gender, location, employment status)

The level of economic stress reported due to the COVID-19 pandemic was as high in December as in June.

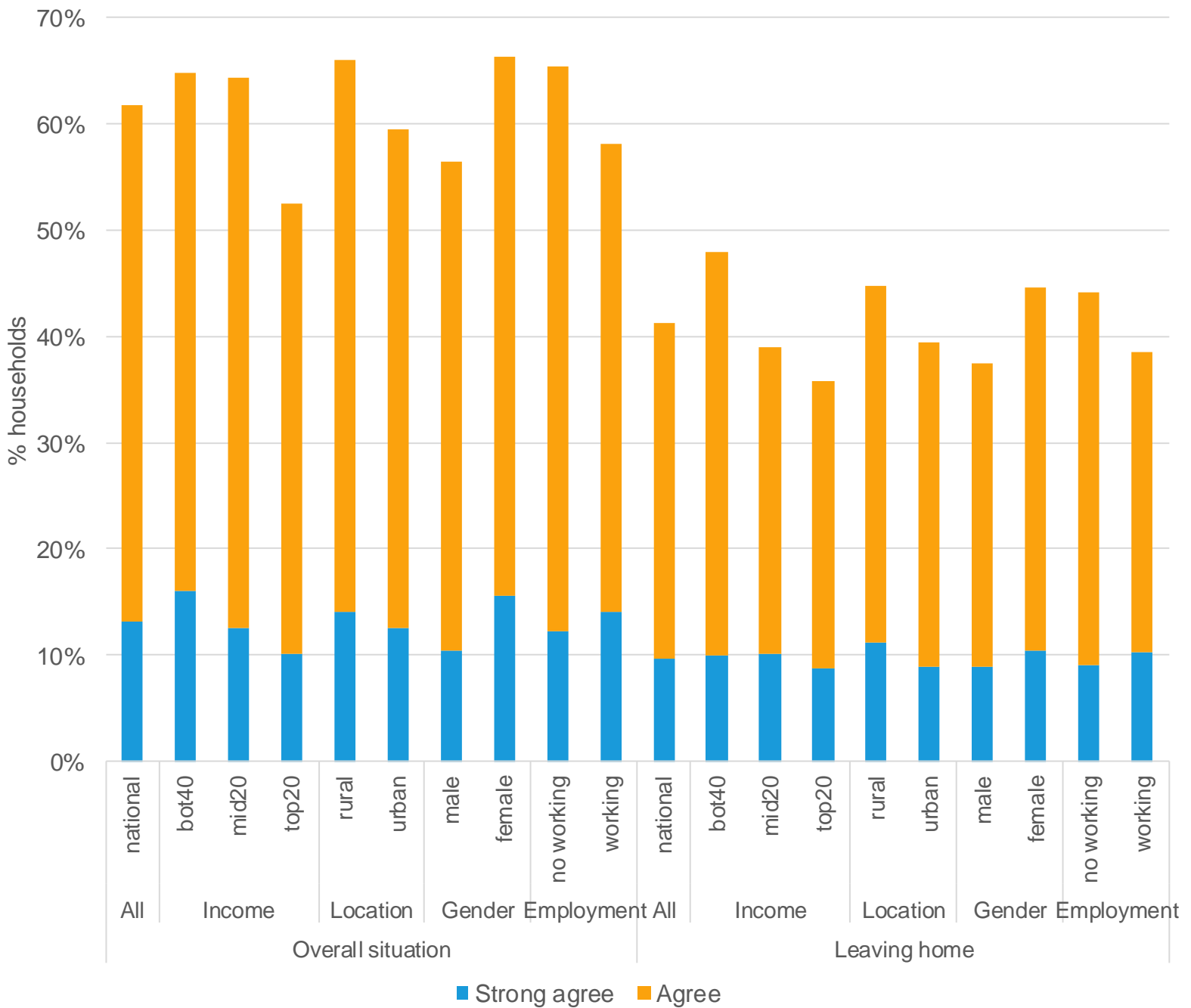


But economic stress varies across the population.

Poor households, households headed by a woman, and households with no working members were more likely to be stressed about their economic situation.



When considering other types of stresses, the same pattern is recorded. Poor, rural households, households headed by a woman, and households without a working member were more likely to be stressed.



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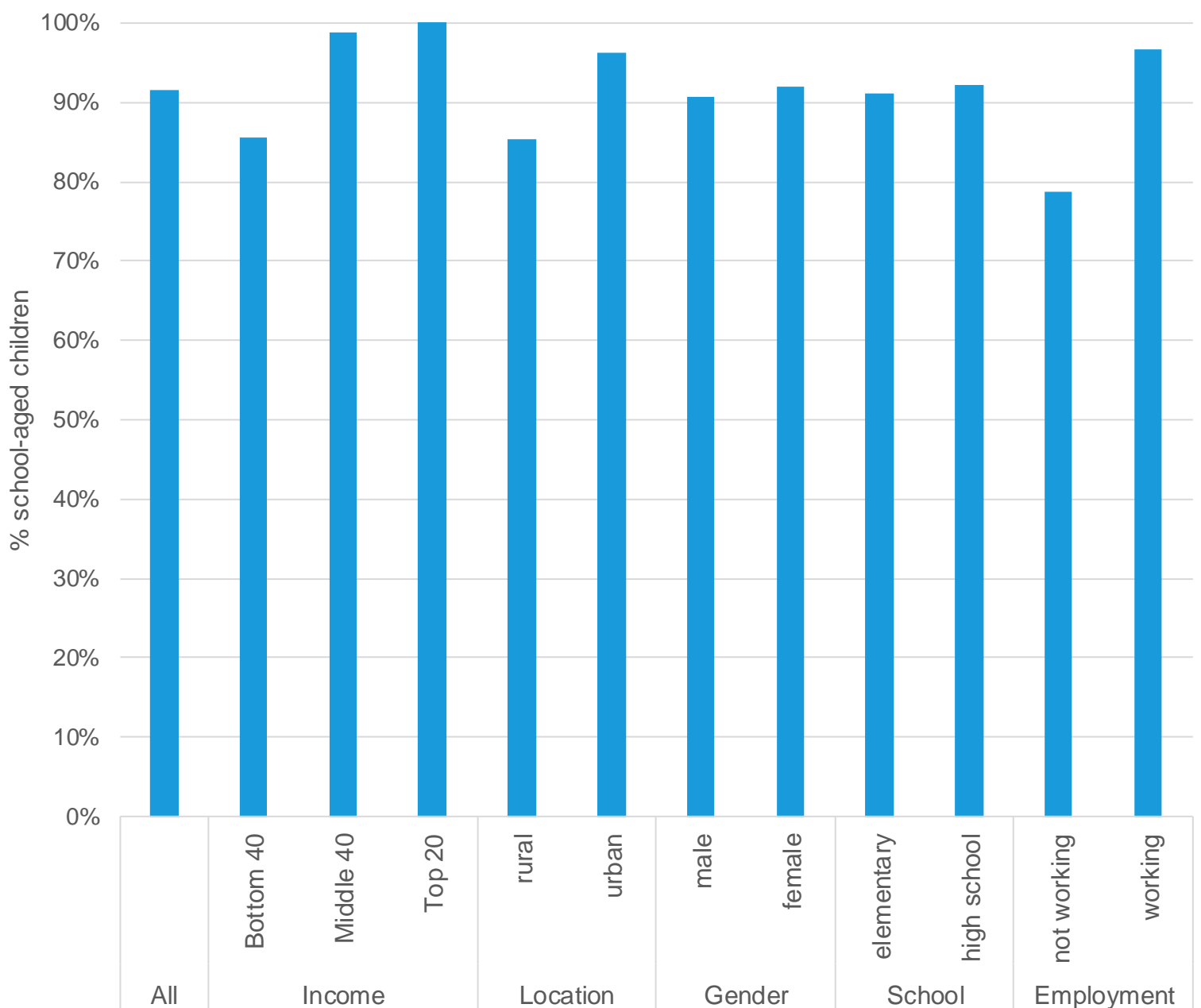
Subjective wellbeing

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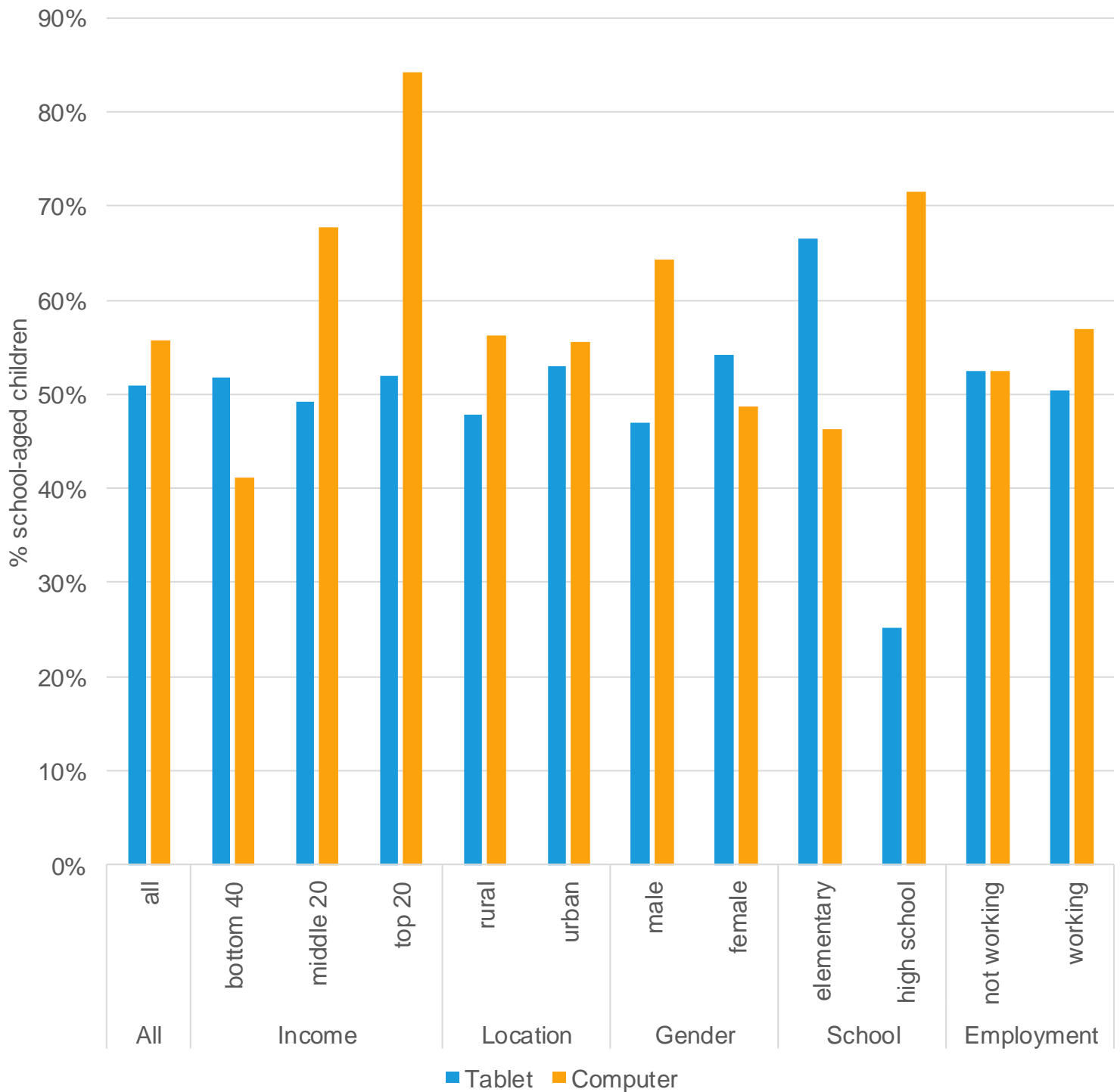
Education



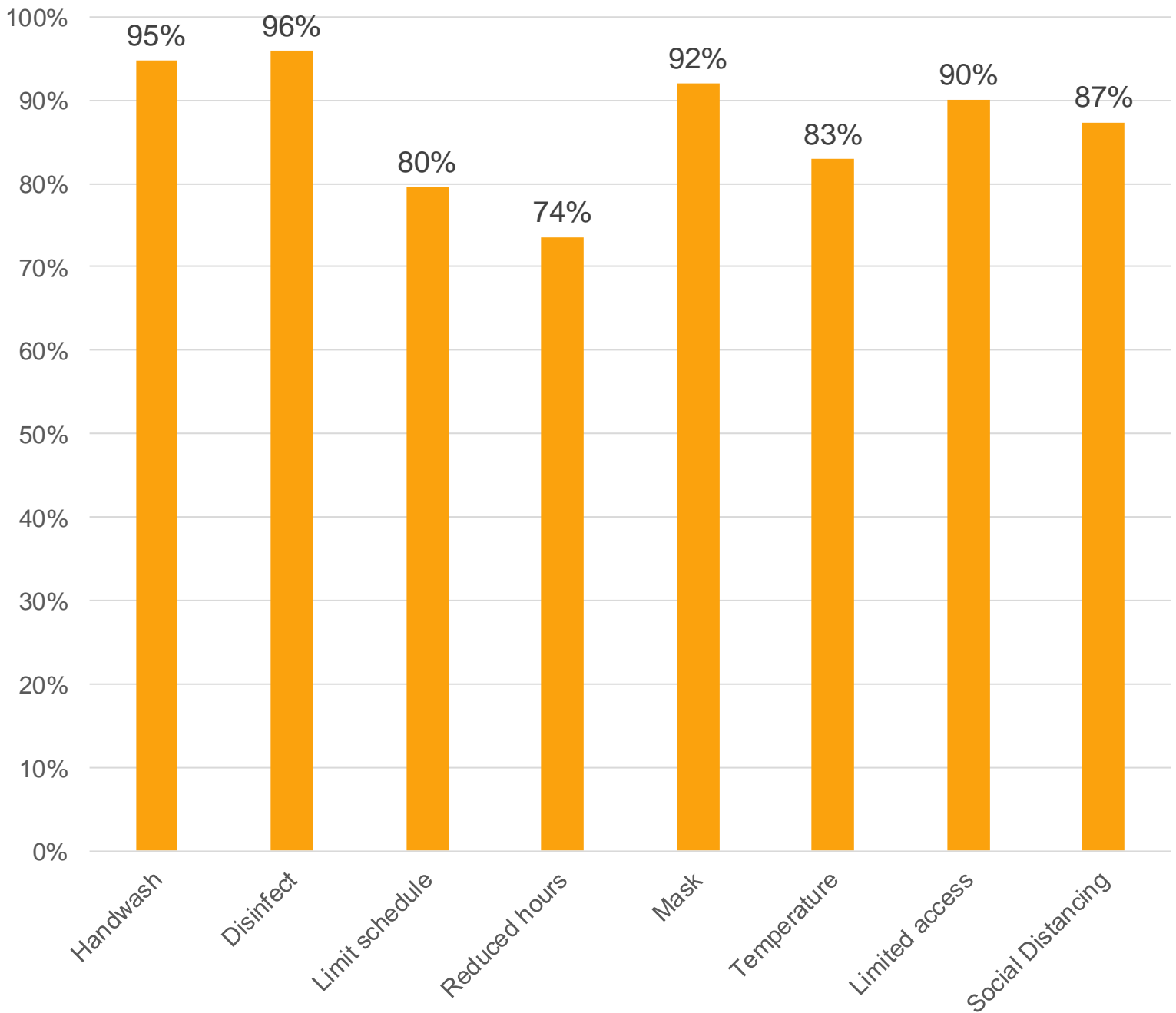
By December, most students had access to at least one type of device, readily for distant learning, although children in low-income family, or in rural areas, or in households will no working member had more limited access.



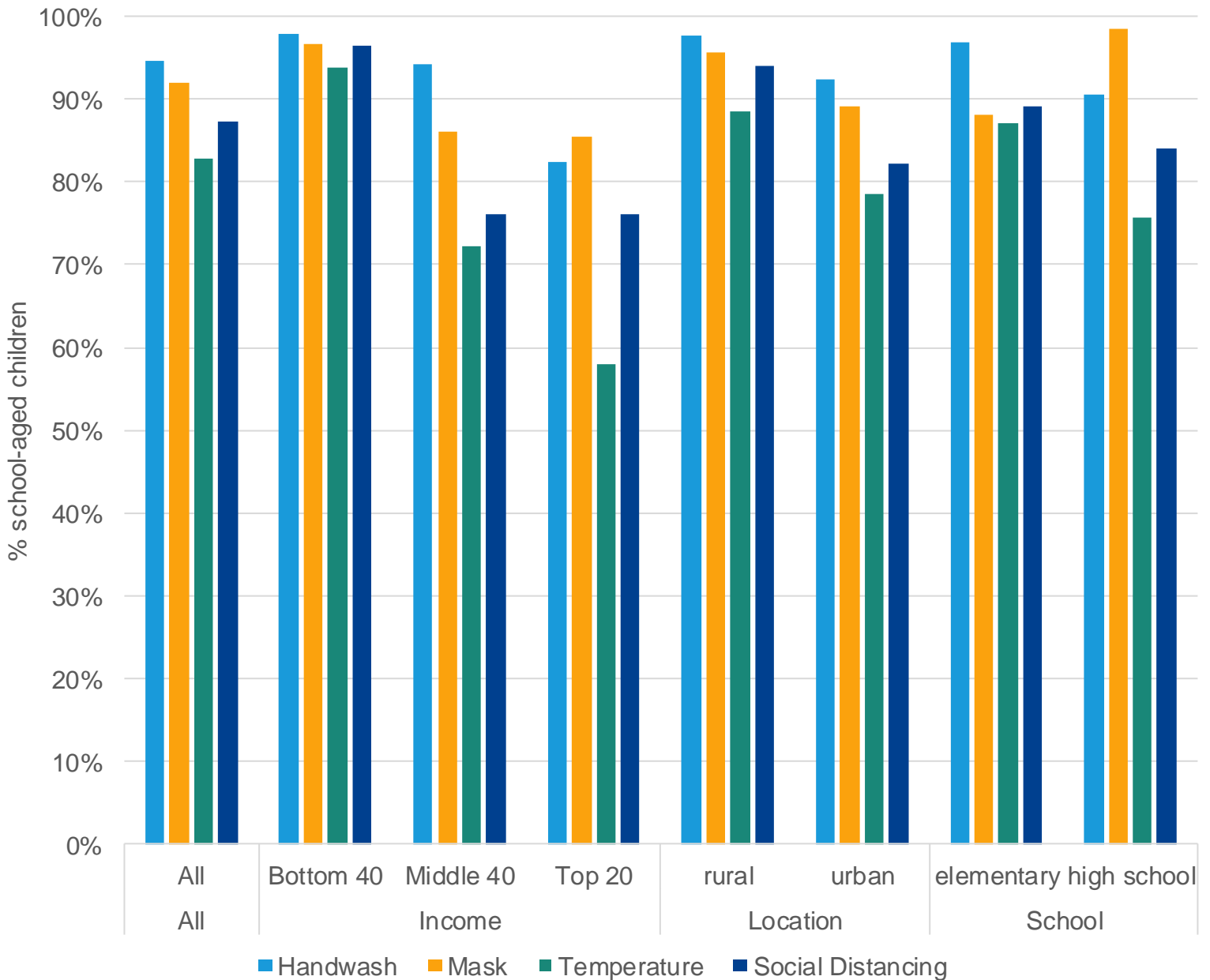
But only half of school-aged children had access to high-quality devices such as tablet and computer. Children in elementary school, children from poor households, or households headed by a woman were less likely to have access to a computer.



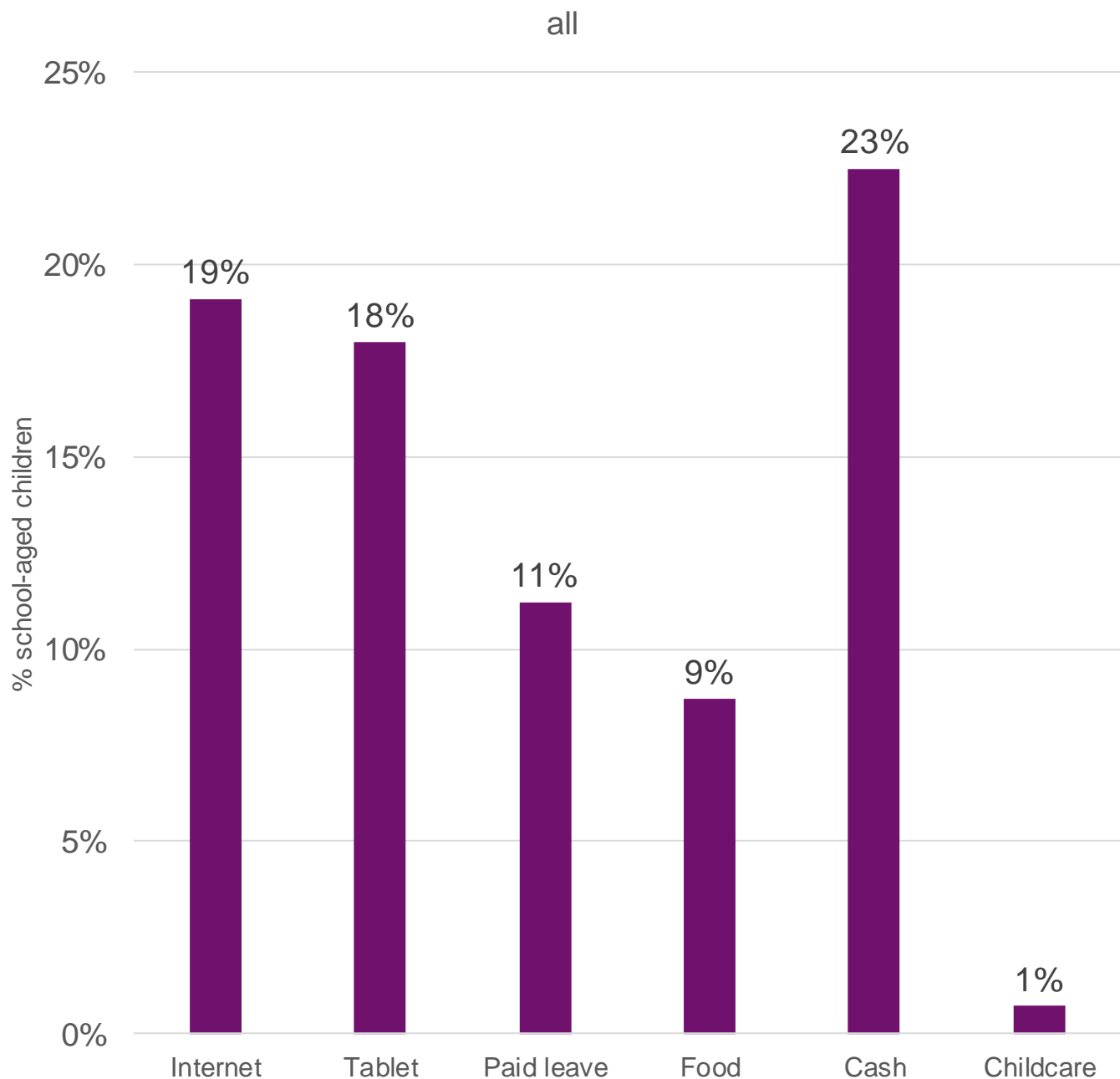
When school reopened, most schools applied sanitation measures such as hand washing, disinfecting, mask wearing, social distancing, and access prohibition to outsiders. Fewer schools rescheduled classes to reduce exposure and measured temperature at entrance.



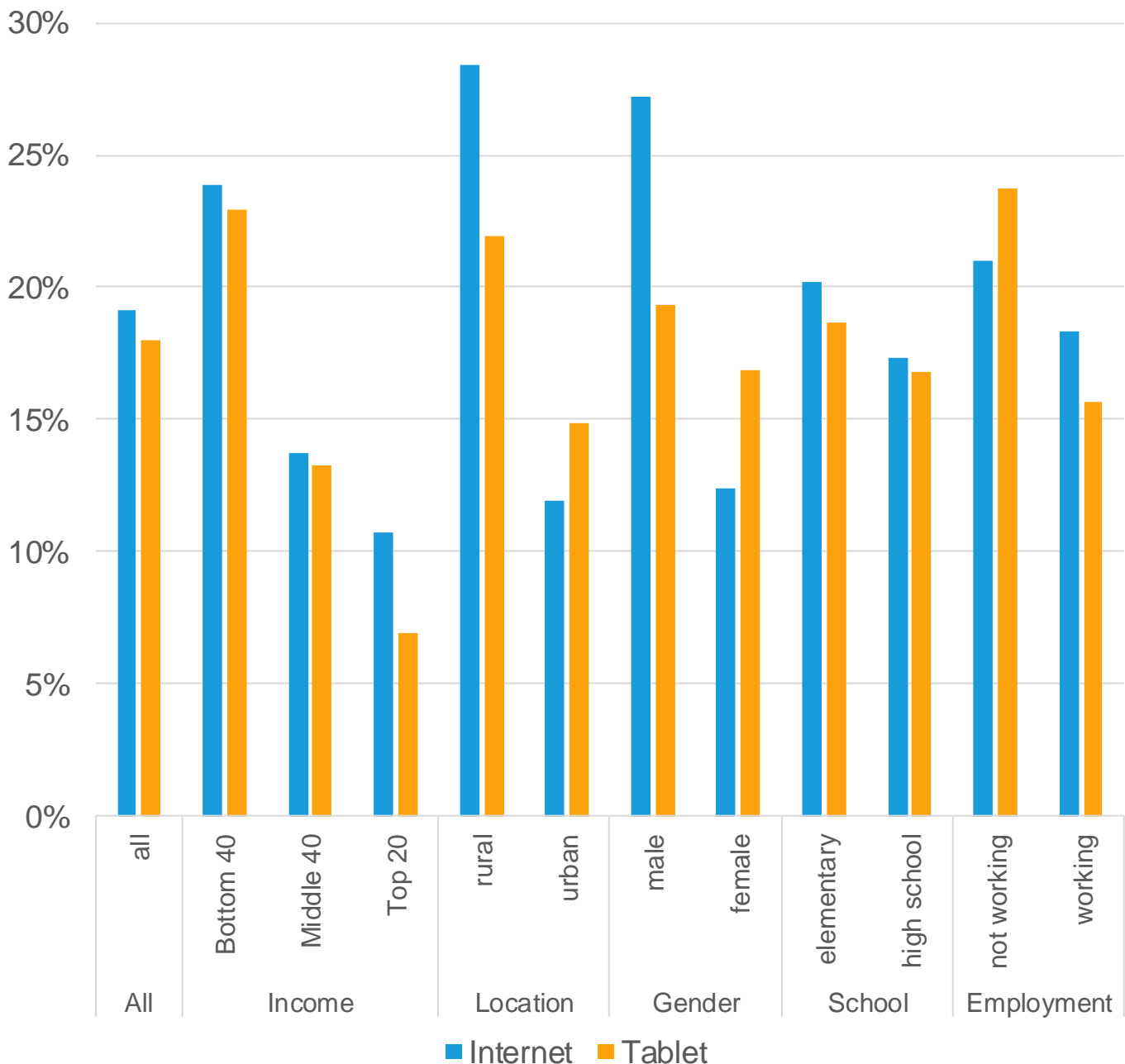
Interestingly, rural schools and schools where children from poor family attended were more likely to apply sanitation measures. Elementary schools were more likely to require handwashing, daily temperature measurement and social distancing, while high schools were more likely to require masks.



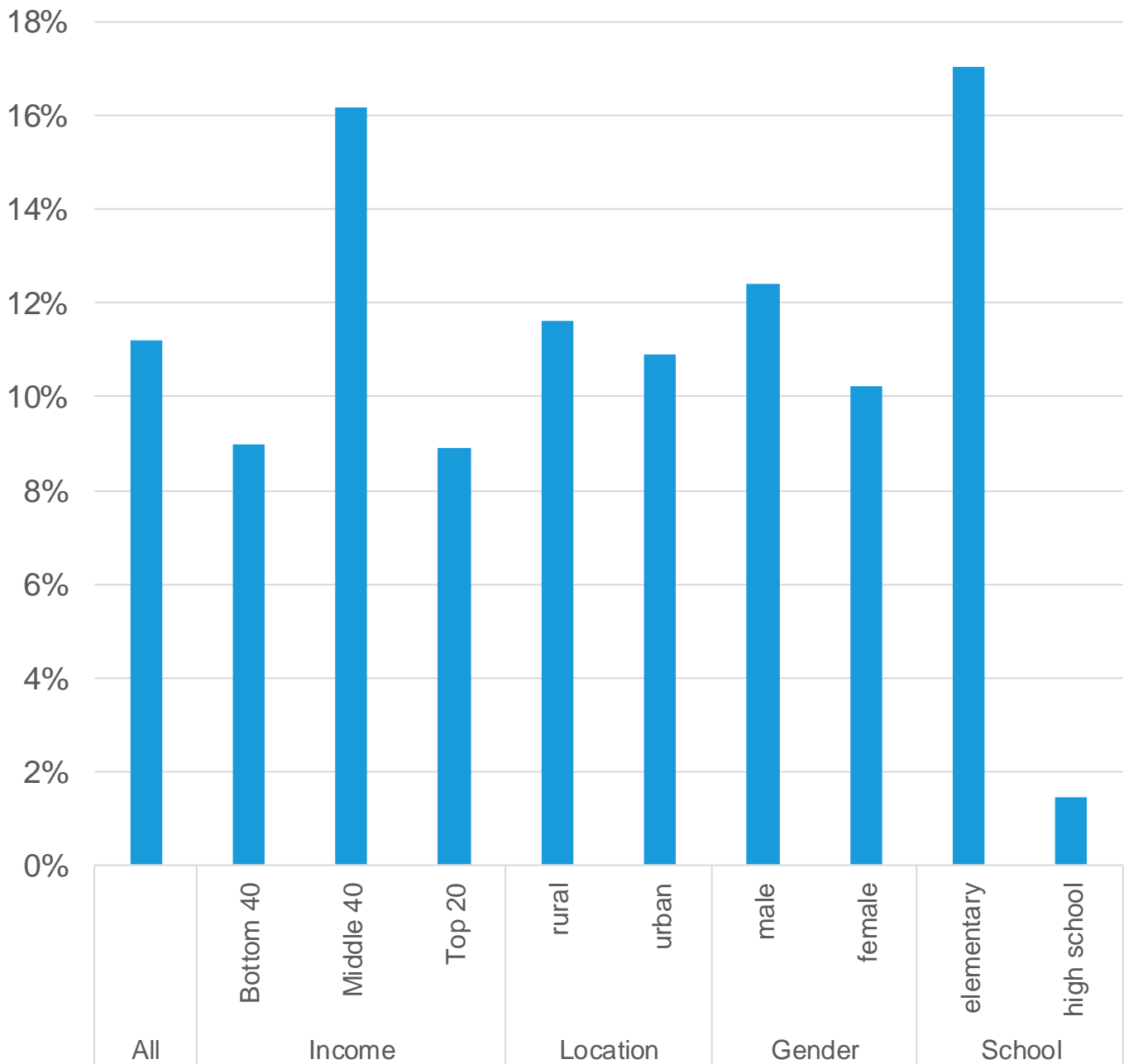
If schools are to be closed again, parents would need support from the government. Nearly 25% of parents of school-aged children preferred cash support. Very few parents needed childcare support.



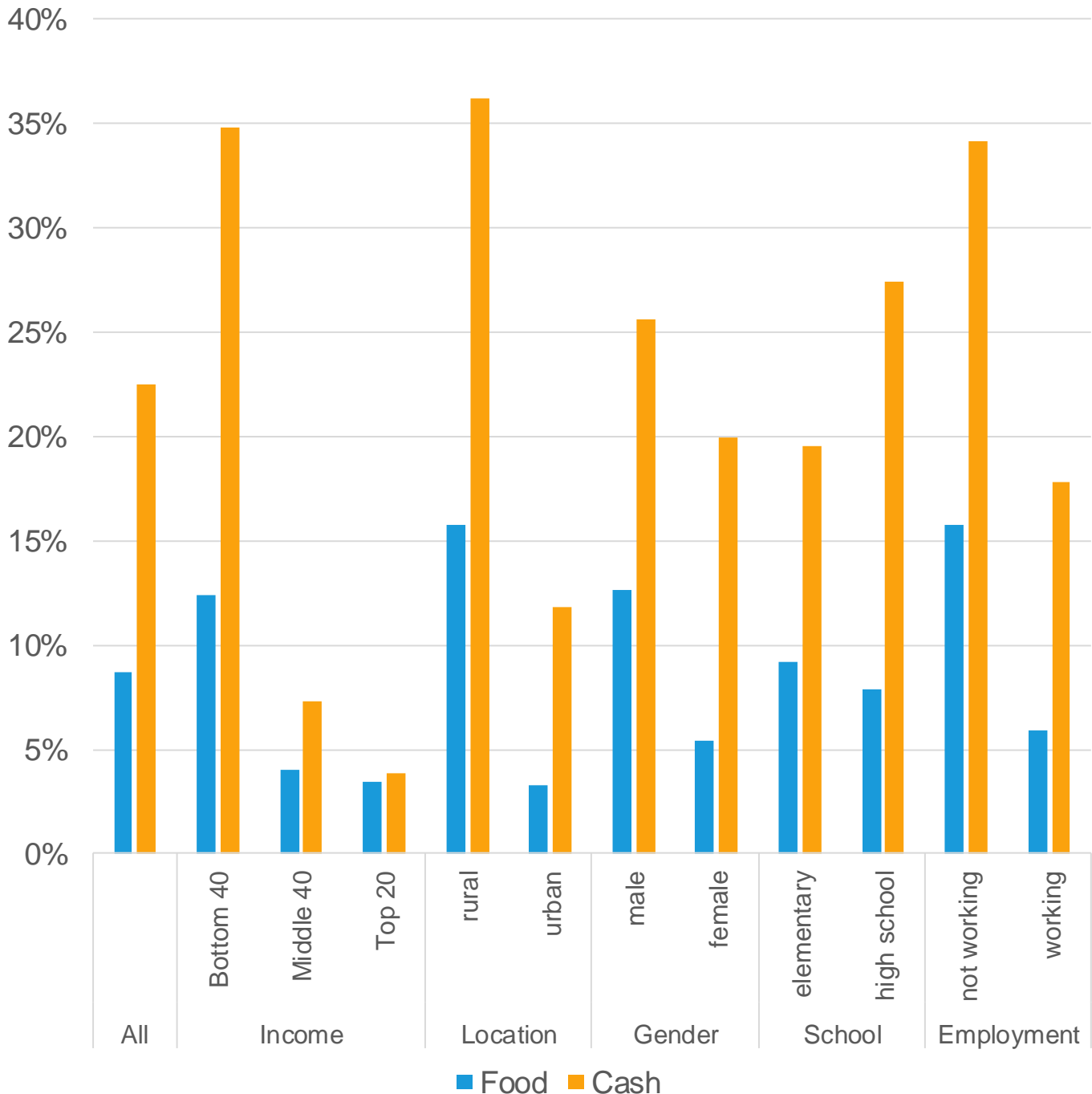
If online or distant learning is reintroduced, children in rural areas, from poor households, and from households with no working members were more likely to need government support for internet access and acquisition of tablets.



But parents of young kids, parents from middle-class, and fathers were more likely to ask for paid leave to take care of the children when schools are closed.



Fathers, parents in rural areas, parents from poor households, parents from households with no working members tend to need cash or food support.



Contact:
Nga Thi Viet Nguyen
nnguyen3@worldbank.org



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