

Croatia

The interplay of supply- and demand-side instruments in financing CVT/ adult learning (in particular job-related)

Public funding for adult learning covers mainly adult basic and formal upper secondary education as well as support for the institutional infrastructure for established non-profit public providers of adult education. However, overall, the supply-side funding for adult learning is not broadly established. Accession process to the European Union made more financial funds available for adult learning in Croatia, with ESI-funds, in particular through the European Social Fund (ESF), becoming the most pertinent source of public funding. Based on the EU funds, demand-side instruments have been introduced.

Demand-side instruments in financing CVT/ adult learning (in particular job-related)

- **Key institutions involved and funding sources**

Demand-side financing schemes are implemented by the Public Employment Service, however, costs for programmes in adult basic education (including language training in Croatian) are covered by the Ministry of Education. The majority of demand-side schemes had received and continue to receive (co-)funding from European Funds, the European Social Fund in particular.

- **Instruments targeting individuals**

Employed can receive a refund of the costs of vocational upskilling programmes of up to 100% (#98). Moreover, when registered as unemployed, individuals can receive support for the course costs for adult basic education or literacy programmes (including language courses, in particular for returners from emigration) as well as for vocational upskilling programmes; in addition to contributions to the fees, an allowance (as a kind of wage replacement) is available (#318). Vis-à-vis their employers, employees have the right of at least seven days of training leave (#99), however, whether paid or unpaid it is left to the discretion of the contractual parties.

- **Instruments targeting companies**

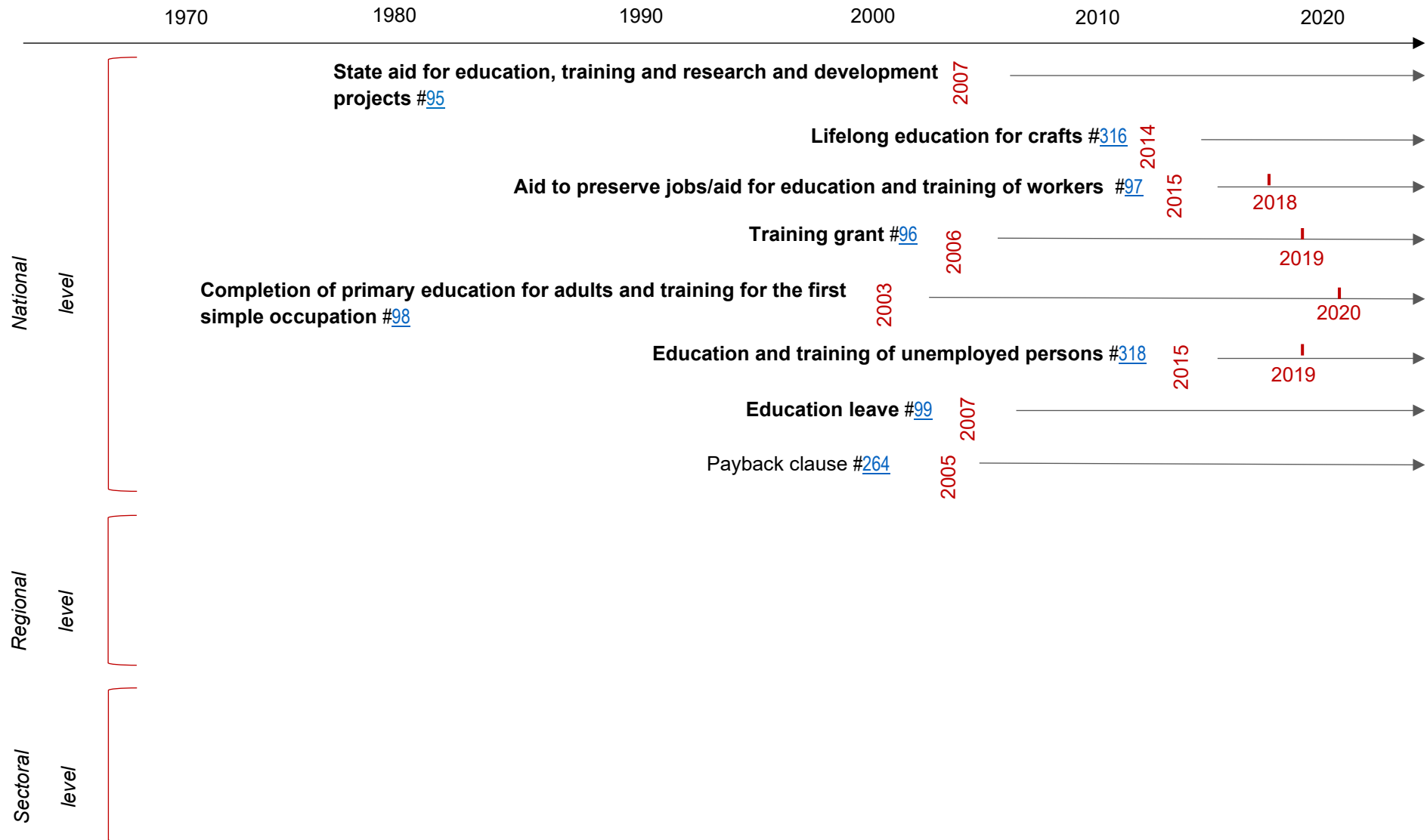
Employers (with preferential treatment to SMEs) receive public contributions to their eligible training costs via a tax refund (#95), with higher refunds co-funding rates for general (up to 50%/ 70% for SMEs) than to firm-specific training (up to 25%/ 35% for SMEs), which constitutes the most significant co-funding instrument. Further co-funding schemes are in place to contribute to the training costs in enterprises, which are at risk of making employees redundant (#97). In a similar vein, sector- specific instruments for the textile and woods sector is in place. A sectoral scheme in the craft sector aims at improving the competitiveness of the sector. A more specific grant provides support to promote targeted training programmes for crafts (#316) that ensure quality and motivated human resources with the aim of enhancing competitiveness, boosting productivity, and growing and developing craftsmanship. Employers can apply a payback clause (#264) with their employee for incurred training costs in case the employee quit his/her job prematurely.

Table 1. Overview of demand-side financing instruments in Croatia by 2020

Level of implementation	Importance of the level of implementation	Overall importance of the instrument	Demand-side instruments targeting individuals	Demand-side instruments targeting companies
National level	High	Key instruments	Grants for individuals	Tax incentives for companies State aid for education, training and research and development projects #95
			Training leave	Grants for companies Programme "Lifelong education for crafts" #316 Training grant #96 Aid to preserve jobs/aid for education and training of workers #97
		Further instruments		Payback clause Payback clause #264
Regional level	Moderate	Key instruments		
		Further instruments		
Sectoral level	Moderate	Key instruments		
		Further instruments		

- Evolution of demand-side instruments over time

Figure 1. Overview on the evolution of demand-side instruments in Croatia until 2020



Source: Cedefop, based on the 2020 data collection

Bold = key instruments

- **Statistics on volumes of funding and beneficiaries**

Table 2 Statistical data on volumes of funding and beneficiaries

ID	Name of the instrument	Year of reference	Volume of funding (HRK)	Year of reference	Beneficiaries (individuals)	Year of reference	Beneficiaries (companies)
95	State aid for education, training and research and development projects	2019	Not available	-	-	2019	Not available
316	Programme "Lifelong education for crafts"	2019	1 998 273,33	-	-	2019	313
96	Training grant	2019	7 941 605,76	-	-	2019	53
97	Aid to preserve jobs/aid for education and training of workers	2019	18 049 051,42	-	-	2019	47
98	Completion of primary education for adults and training for the first simple occupation	2019	2 007 100,00	2019	902	-	-
318	Education and training of unemployed persons	2019	36 350 600,90	2019	3 359	-	-
99	Education leave	2019	Not available	2019	Not available	-	-
264	Payback clause	2019	Not available	-	-	2019	Not available

Source: Cedefop, 2020 data collection

Table 3. Short descriptions of the financing instruments

ID	Name	Level of implementation	Importance of the instrument	Short description
(1) Training funds				
(2) Tax incentives for companies				
95	State aid for education, training and research and development projects	National	Key instrument	Companies can deduct the costs of training their employees from their tax base. The share of the costs that can be deducted depends on the size of the company and type of education and training. The reduction can be up to 70% (80% for SMEs) of the cost of general adult education and training, and 35% (55% for SMEs) of the cost of specific education and training. If general education and training and special education and training are performed outside the place of residence or stay of workers, the costs include transportation and accommodation costs up to the amount of actually incurred costs and subsistence costs, in accordance with income tax regulations. An entrepreneur in whose facilities or workshops practical classes and apprenticeship exercises are performed for occupations in the system of related trades and craft may reduce the basis for calculating income tax or income from self-employment by the amount of prizes paid to students during practical classes and apprenticeship exercises.
(3) Tax incentives for individuals				
(4) Grants for companies				
316	Programme "Lifelong education for crafts"	National	Key instrument	Training grants are awarded to micro, small and medium enterprises in the craft sector. Awarding grants intend to promote targeted training programmes for crafts to ensure quality and motivated human resources with the aim of enhancing competitiveness, boosting productivity, and growing and developing craftsmanship. The maximum amount of funding depends on the type of support (e.g. the highest amount can be allocated for preparation for the masters' exam (HRK 5400 (approx. EUR 720)). The minimum amount that can be awarded is HRK 1 200 (approx. EUR 160). The maximum grant is 80% of the amount of eligible costs. Eligible costs include the required licenses, costs for exams, specific types of (re-)training (e.g. for mortician). There is no preferential treatment.
96	Training grant	National	Key instrument	Companies providing training for specific target groups (the newly employed, employees at risk of losing their jobs due to lack of professional knowledge and skills, as well as employees in training for work at multiple workplaces or work operations and employees affected by business reorganisation and organisational changes) can apply for this grant. It is implemented by the Croatian Employment Service (CES). Eligible training includes training to obtain a qualification at ISCED level 2-5, general courses (e.g. language courses) and occupational courses connected to the present economic activity of the participants. Depending on the size of the enterprise co-funding rate may differ (e.g. small businesses can receive up to 70% of co-funding and companies employing disadvantaged workers can receive up to 60% of co-funding). The maximum amount of support for training per individual is up to HRK 18 000 (approx. EUR 2 400). The funding covers a broad range of costs, including tuition fees, costs for internal training personnel, costs for training materials, depreciation costs, travel costs and related costs for counselling.
97	Aid to preserve jobs/aid for education and training of workers	National	Key instrument	Companies experiencing a temporary slowdown in their business activity and/or incurring economic losses, having long-term employees or employees aged over 50, and facing the risk of reducing their workforce can apply for the grant to finance the costs of training their employees. It is implemented by the Croatian Employment Service. Only training of professional relevance for the applying company and included in the company's training plan is eligible. The maximum duration of the support is 6 months. The maximum amount of funding is HRK 7000 (EUR 930) per employee. There is no limitation to re-use the grant.
(5) Grants for individuals				
98	Completion of primary	National	Key instrument	Employed and unemployed persons (in the age group of 15-65) without completed primary school registered in the unemployment register, applying for the grant, can receive the lump-sum payment, covering the training costs. The funding amount depends on the

	education for adults and training for the first simple occupation			education period. For example, for the first educational period, the learner can receive the funding of HRK 500 (approx. EUR 67) if takes an exam based on the consultation received, HRK 1 200 (approx. EUR 160) in the case when the teaching is delivered through a consultative-constructional teaching approach, HRK 1 800 (approx. EUR 240) in the case when the learner regularly participates in the teaching process. The individual (the learner) can finish more than one educational period in one calendar year meaning that the learner can receive more than one funding for education and training in one calendar year. The funding is provided by the Croatian Ministry of Science and Education.
318	Education and training of unemployed persons	National	Key instrument	Increasing the level of competitiveness and professional competence of employed persons by enrolling in vocational training programmes, upskilling or retraining in line with the developments of the labour market. Employed persons, after receiving a counselling session with the CES counsellor, can decide, based on the recommendations received and tailored to their existing professional experience and preferences, to participate in an adult education programme offered by public or private adult education providers. The grant is paid directly to the adult education provider. Educational programmes are financed in two ways: 1. From ESF via a public call for adult education programmes for certain occupations and certain profiles of employed adults. The education programmes are financed through ESF funds and are thus free of charge for the participants. 2. From state budget via a public call for adult education programmes that need to be awarded by CES. The allocated funding covers 100% of occurred costs.
(6) Loans				
(7) Training leaves				
99	Education leave	National	Key instrument	Training leave is not directly regulated at the national level beside the provisions that employees have the right to educational leave for at least 7 days per year. The law (Article 18) also states that execution of educational leave rights shall be determined by an agreement between the employee and employer). Employer' permission to go on a training leave is required in order to keep the working place. The employee is obliged to provide the employer with the programme application form, as well as certificates of participation and completion of the programme.
(8) Payback clauses				
264	Payback clause	National	Further instrument	In compensation for employer-provided/financed training, employees commit themselves to stay in the company for an agreed period or (partially) pay back the costs of training. In the case of premature departure from the company, the employee is obliged to compensate training-related costs incurred by the employer. The parties are free to regulate their obligations, and these must be in compliance with the Constitution of the Republic of Croatia, mandatory laws and the morals of the society. The payback clause is not directly regulated by national law and governmental bodies are not involved in the management. The County Courts and Constitutional Court hear the case in the event of a dispute between an employer and employees and make a decision.