



Government of the Republic of Serbia

**SECOND NATIONAL REPORT ON SOCIAL INCLUSION AND
POVERTY REDUCTION IN THE REPUBLIC OF SERBIA**

**The Status of Social Exclusion and Poverty Trends in the
Period 2011 – 2014 and Future Priorities**

October 2014

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Structural Reforms for Greater Growth, Employment and Social Justice

You are reading the *Second National Report on Social Inclusion and Poverty Reduction* in the Republic of Serbia. In developing the Report, we took into account the indicators and objectives adopted by the European Union Member States, conducted numerous consultations and held an open public discussion involving relevant public institutions, representatives of social partners and civil society organisations, as well as experts and academia.

Regretfully, following a short period of economic recovery and an improvement in social parameters, the global economic and financial crisis revealed the vulnerability of our economy and society. According to the findings of the Survey on Income and Living Conditions (*SILC*) in the Republic of Serbia, the at-risk-of-poverty rate in the total population totalled 24.6% in 2012. In addition, the income distribution inequalities in 2012 exceeded the average values in the 28 EU Member States. These data send a clear signal to the Government that it must pay equal attention to economic reforms, industrial growth and increasing the rate of employment on the one side, and social justice on the other, in line with the same strategic aims of the European Union.

As noted in the Keynote Address of the Prime Minister of the Republic of Serbia, the objective of structural reforms in our country is clear – to provide better and higher-quality public sector services and to promote the economic growth of our country. That is why the Government is investing decided efforts to ensure the preconditions for strengthening the role of the social protection system and enable citizens to take more responsibility for their social security and the security of their families.

The envisaged pace of the reforms and the speed of our country's accession to the European Union will largely depend on numerous factors, and primarily on our readiness to monitor and advance the social dimension of the European integration of the Republic of Serbia. Therefore, it is worth stressing that the Second National Report on Social Inclusion and Poverty Reduction serves as a quality basis for fulfilling one of the obligations of the Republic of Serbia in the EU accession process: to develop and adopt the *Programme of Employment and Social Policy Reforms*, whose implementation will be supervised by the European Commission in its annual progress reports. This programme will also be used for the comprehensive implementation of reforms in the social development sector so as to ensure coordinated implementation of employment, education and social protection policies in the future.

The Government will pursue its efforts to achieve greater efficiency and effectiveness of the public administration in order to increase confidence in institutions as well as reduce inequalities and enhance social justice. This endeavour requires pooling of all our available forces and resources. Therefore, we invite all segments of our society to help in delivering this vision of development that will lead to a joint and better future for all citizens.

October 2014

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Abbreviations

AIDS	Acquired immune deficiency syndrome
AP Vojvodina	Autonomous Province of Vojvodina
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CLDS	Centre for Liberal-Democratic Studies
CSO	Civil society organizations
DILS	Delivery of Improved Local Services
EC	European Commission
EEA	European Economic Area
EFTA	European Free Trade Association
EMIS	Education Management Information System
ESRP	Employment and Social Reform Programme
ESSPROS	European System of Integrated Social Protection Statistics
EU	European Union
EURES	European Job Mobility Portal
Europe 2020 Strategy	Europe 2020: Strategy for Smart, Sustainable and Inclusive Growth
FEANTSA	European Federation of National Organisations Working with the Homeless
FSA	Financial social assistance
FTE	Full-time equivalent number of students
GDP	Gross domestic product
GIS	Geographic information system
GIZ	German Organisation for International Cooperation
GRETA	Group of Experts on Action against Trafficking in Human Beings
HBS	Household Budget Survey
HFCE	Household final consumption expenditure
HIV	Human immunodeficiency virus
HRD	Human Resources Development
IBRD	International Bank for Reconstruction and Development
ICT	Information and communications technology
IDP	Internally displaced persons
IEP	Individual education plan
IMF	International Monetary Fund
IPA	Instrument for Pre-accession
IPARD	Instrument for Pre-accession Assistance for Rural Development
ISCED	International Standard Classification of Education
ISDACon	Information System for Coordination of the Development Assistance to the Republic of Serbia
IT	Information technologies
LFS	Labour Force Survey
LGBTI	Lesbian, gay, bisexual, trans/transgender and intersex persons
MFIN	Ministry of Finance
MOLESA	Ministry of Labour, Employment, Veteran and Social Affairs
NAD	National Priorities for International Assistance
NALED	National Alliance for Local Economic Development
NBS	National Bank of Serbia
NEET	Number of youth not in employment, education or training
NES	National Employment Service

NGO	Non-government organization
NHIF	National Health Insurance Fund
NPAA	National Plan for the Adoption of the Acquis
NUTS	Nomenclature des unités territoriales statistique
OECD	Organisation for Economic Co-operation and Development
OMC	Open Method of Coordination
OSCE	Organization for Security and Cooperation in Europe
PEP	Pre-accession Economic Programme
PIAAC	Programme for the International Assessment of Adult Competencies
PISA	Programme for International Student Assessment
PPP	Purchasing Power Parity
PPS	Purchasing power standard
PROGRESS	EU Programme for Employment and Social Solidarity
PRS	Poverty Reduction Strategy for Serbia
RATEL	Regulatory Agency for Electronic Communications and Postal Services
RTS	Radio Television of Serbia
RTV	Radio Television of Vojvodina
SCTM	Standing Conference of Towns and Municipalities
SEKO	Sectoral Civil Society Organisations
SENS	Social Economy Network of Serbia
SES	Socio-economic status
SIDA	Swedish International Development Agency
SIGMA	Support for Improvement in Governance and Management
SILC	Survey on Income and Living Conditions
SMEE	Small and medium-sized enterprises and entrepreneurship
SORS	Statistical Office of the Republic of Serbia
TIMSS	Trends in International Mathematics and Science Study
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USD	United States Dollar
VAT	Value added tax
WHO	World Health Organisation

1. Introduction and Summary

1.1. Introduction

- 1.1.1. The Republic of Serbia has established the Coordination Body for the Accession of the Republic of Serbia to the European Union (hereinafter: EU), the Council of the Coordination Body for the Accession of the Republic of Serbia to the EU and the Negotiating Team for Leading Negotiations on the Accession of the Republic of Serbia to the EU. The Stabilization and Association Council between Republic of Serbia and the EU held its first meeting on October 21, 2013. The first Intergovernmental Conference between Serbia and the EU was held in Brussels on January 21, 2014, and a number of analytical legislative screenings under specific chapters of the EU *acquis* has been held since September 2013. With the granting of candidate status for EU membership and **the launching of negotiations with the EU, the issues of social inclusion and poverty reduction have become a mandatory component in the EU integration policy of the Republic of Serbia.** This includes the enhancement of the methodology for monitoring social inclusion trends among individuals and social groups, as well as the development and enhancement of policies and institutional frameworks advancing the status of social inclusion and poverty reduction in the Republic of Serbia.
- 1.1.2. The Republic of Serbia has defined **active participation in the European process of social inclusion** as one of the critical tasks in the EU integration process. The Government is committed to meeting the requirements set by the EU at the Lisbon and Copenhagen summits, and follows all decisions relating to the implementation of the Europe 2020 Strategy. In this context, the European Platform against Poverty and Social Exclusion, which was adopted by the European Commission in December 2010, is particularly important. The Report takes into account the Platform's recommendations and initiatives.
- 1.1.3. Based on the EU Enlargement Strategy 2013-2014 and the process initiated by the European Commission, the Republic of Serbia will develop the **Employment and Social Reform Programme – ESRP**, whose implementation will represent a core mechanism for dialogue in the EU integration process on the priorities of the Republic of Serbia in the field of social policy and employment. However, issues of social inclusion and poverty reduction in the Republic of Serbia are not perceived exclusively as an obligation set forth by EU documents – they represent a permanent commitment of a socially accountable state.
- 1.1.4. This Report covers an overview of the legal, strategic and institutional frameworks relevant for social inclusion and poverty reduction; an analysis of the state of affairs in relevant areas; an overview of implemented measures and programmes; as well as conclusions, challenges and most relevant lines of future action.
- 1.1.5. The preparation of the Report was a joint activity of line ministries and other executive authorities, the National Assembly, local governments, civil society organisations, international partners, scientific and research institutions, social partners and the expert community.
- 1.1.6. Its preparation relied on Government documents (Reports on the Work of the Government 2010-2013, reports on the implementation of the National Programme for Integration of the Republic of Serbia in the EU and the National Programme for the Adoption of the Acquis, as well as other relevant documents and research conducted by line ministries), relevant reports and documents of the EU, along with reports and studies of civil society organizations, international organizations and independent experts.
- 1.1.7. **Comprehensive consultations** were conducted to achieve a national consensus on the main findings and priority lines of action for the subsequent period as presented in the Report. The

consultation process involved Government representatives, local authorities, civil society, labour unions, independent experts, scientific and international institutions and the wider public.

- 1.1.8. Considering that the Report was largely drafted in January-March 2014, it does not contain any later changes of estimates and newer executions of core macroeconomic aggregates. For the same reason, gross domestic product was calculated according to the old methodology of national accounts (SNA 2008). Therefore, it is possible that the Report contains discrepancies regarding referenced shares and specific data arising from later trends.
- 1.1.9. The terminology used in the Report in male gender refers both to the male and female gender.
- 1.1.10. The data presented in the Report which refer to the Republic of Serbia in total do not contain data for the Autonomous Province of Kosovo and Metohija.
- 1.1.11. In May 2014, the Republic of Serbia was stricken by disastrous floods, which had an adverse impact on the country's macroeconomic position, on the state of affairs in each sector and, in particular, on the status of the most vulnerable populations. As preparation of this Report was launched in the first quarter of 2014 and finalized in May 2014, it does not provide insight into how vulnerable populations have faced the floods' consequences, as there was no specific assessment of the related effects and needs at that moment.
- 1.1.12. The adverse effects of the floods range between 0.5% and 0.9% of GDP, depending on the source of the projections. The total amount of damage and loss resulting from the floods is estimated at EUR 1.7-1.8 billion. The assessment indicates that around 60% of this amount accounts for destroyed property (physical capital) and around 40% of the amount accounts for production. Production (70%) – dominated by mining and energy – has seen the greatest loss, followed by agriculture and trade. The damage and loss in social sectors account for around 16% of the total estimated amount, predominantly in the housing sector.

1.2. Summary

1.2.1. Financial Poverty and Deprivation of Basic Needs

The Survey on Income and Living Conditions (SILC) constitutes a significant improvement in living standard statistics and, for the first time, facilitates full data comparability between the Republic of Serbia and European Union Member States.

Relative poverty indicators for 2012 as the reference income year, obtained on the basis of the SILC, are not comparable with the relevant indicators for the period 2006-2010, obtained on the basis of the Household Budget Survey (HBS). However, certain rough comparisons may be drawn between the two data sources.

According to the SILC, the at-risk-of-poverty rate in the Republic of Serbia stood at 24.6% in 2012, the highest rate compared to the 28 European Union Member States.

Rough calculations using the unchanged real value of the at-risk-of-poverty threshold from 2010 based on the HBS show that the at-risk-of-poverty rate in the Republic of Serbia grew in 2012 compared to 2010.

A total of 42.1% of the population of the Republic of Serbia (three million people) is at risk of poverty or social exclusion as a combination of three different factors (risk of poverty, low work intensity and severe material deprivation). This is considerably above the average for the 28 European Union Member States (24.8%). This value is also higher than in any Member State with the exception of Bulgaria and Romania.

Children (up to the age of 18) and youth (aged 18-24) are at the highest risk of poverty, after social transfers, compared to other target groups.

According to both indicators of inequality of income distribution (Gini coefficient and income quintile share ratio), inequality in the Republic of Serbia is higher than in any European Union Member State. Although HSB data are not fully comparable, comparison values from the previous period suggest that inequality has increased significantly since the onset of the economic crisis.

With regard to indicators of material deprivation, which may be viewed as a consequence of poverty, the Republic of Serbia also records higher values than any of the 28 European Union Member States. In 2012, the material deprivation rate in the Republic of Serbia stood at 44.3%, and the severe material deprivation rate – 26.8%. In the European Union, the material deprivation rate stood at 19.7%, and in the new Member States – 34.9%, while the severe material deprivation rates stood at 9.9% and 19.7%, respectively.

The data on absolute poverty development based on the HBS show that the absolute poverty incidence grew considerably in 2012 against 2011, from 6.8% to 8.8%. The most recent data, for 2013, show that poverty incidence decreased insignificantly compared to the preceding year, to 8.6%. Data show that the population living outside urban areas is the most disadvantaged, particularly those in Central Serbia, as well as children and youth, the uneducated, the unemployed and inactive heads of households.

Given that the concept of relative poverty is not entirely adequate for monitoring the development of the at-risk-of-poverty rate over time, absolute poverty should be monitored on an ongoing basis according to the current methodology, based on household consumption and the absolute poverty line. Monitoring absolute poverty is important for monitoring the number of the poor, developing poverty reduction policies targeting population groups unable to meet the minimum needs for food and other expenditures, and for formulating social inclusion policies for particularly vulnerable groups (especially the Roma). One-off, in-depth social inclusion surveys targeting specific vulnerable groups may be undertaken as needed.

In the forthcoming period, state assistance to populations at risk of poverty should mitigate the occurrence of new poverty and contribute to preventing further deterioration of the status of the most vulnerable groups. The impact of social transfers on reducing the risk of poverty is insufficient and significantly lower than in the European Union. In 2012, social transfers (excluding old-age and survivors' pensions) reduced the at-risk-of-poverty rate by 21.7%, compared to a 34.4% reduction in the European Union.

1.2.2. Functioning of the State Ruled by Law

The period 2011-2014 has seen acceleration in the fulfilment of commitments to the European Union and the implementation of measures foreseen by national strategic documents. Many regulations have been adopted; however, adequate horizontal and, in particular, vertical coordination in policy development and subsequent adequate monitoring of their implementation are often missing. Although progress has been uneven among different authorities, the process of consolidation of democratic institutions is noticeable.

The greatest progress has been observed in the operation of the National Assembly and the executive branch, while major improvements have yet to be introduced in the areas of the judiciary, decentralisation and anti-corruption. Progress is largely impeded by frequent legislative amendments and inconsistent strategic choices. It is crucial to reduce the influence of political parties and achieve clearer effects of anti-corruption efforts. Improvements in administration efficiency are also hampered by cumbersome administration and inadequate legislation on administrative procedures.

It is necessary to improve the process of public consultation on important steps in pursuing public policy, enhance horizontal and vertical policy coordination, as well as oversight of policy implementation, and follow the initiatives and recommendations of independent oversight authorities, particularly with regard to the status of vulnerable groups.

Special attention should be devoted to the rights and inclusion of vulnerable groups, especially the Roma, and the effective implementation of legislation governing the protection of national minorities, including a non-discriminatory approach to national minorities throughout the territory of Serbia, as well as efforts to address discrimination on the grounds of sexual orientation or gender identity.

1.2.3. Macroeconomic and Fiscal Framework and Economic Development

The general economic situation in the period 2011-2013 was unfavourable. As a response to the economic crisis, the Government adopted a series of measures to stabilize the economy and public finance, with only partial results.

Despite some positive signals during this period (in particular, the decline in the external trade deficit and a moderate recovery of the economy during 2013), there is still no marked shift in the type of economic growth. The country's position is still unfavourable when it comes to competitiveness, the business environment and foreign investment.

The trend of rising fiscal imbalance and public debt undermines the country's stability, rendering efficient fiscal consolidation and a public debt management strategy to be essential.

Social protection expenditures in real terms were in decline – in the period 2010-2013 by as much as 8%. Such a trend undermines the state's capacity to provide adequate protection to the population in times of rising poverty and a declining standard of living.

In addition, there is no stable or predictable fiscal relation between the national level and local governments. Government transfers to local self-governments are randomly cut, transfers for maintaining municipal roads and streets are inadequately managed, local self-governments borrow without control and the Government assumes the obligation to refinance their delayed payments.

Stabilisation and recovery of the economy are essential, coupled with the pursuit of structural reforms, growth of output and exports and the reduction of fiscal deficit and the share of public debt in GDP.

Increasing employment and the standard of living, as well as achieving adequate and satisfactory coverage of social transfers targeting poor populations pose a priority for the sustainable development of the country.

1.2.4. Population

On January 1, 2013, the population of the Republic of Serbia totalled 7,181,505. This total represents a decrease by 35,000 persons compared to January 1, 2012, thereby continuing the country's depopulation trend. Between 2002 and 2012, the population shrunk by as many as 300,000 people.

The fundamental reasons behind the negative natural growth were the low fertility rate and relatively high age-specific mortality rates. Postponement of childbearing is a major cause of low fertility in the Republic of Serbia. According to the 2011 Population Census, 30.6% of women between the ages of 30 and 34 were childless, including 23.0% in Southern and Eastern Serbia and 42.8% in the Belgrade region.

There are no data on emigration from and immigration to the Republic of Serbia. Despite the continuing trend of a decreasing refugee population, there were 74,944 refugees in the Republic of Serbia in 2011. Approximately 210,000 persons in the Republic of Serbia in 2011 were still registered as displaced from the Autonomous Province of Kosovo and Metohija. The migration policy is based on principles stipulated in the Law on Migration Management, passed in late 2012.

The continuing process of population ageing in the Republic of Serbia, which has been occurring for more than four decades, poses a serious challenge. In 2012, the number of persons above the age of 65

was 21.6% larger than the number of young persons under 15 years of age, while the average population age was as high as 42.2 years.

The Republic of Serbia pursues two direct measures for promoting childbearing. The state pays a birth grant for the first four children in a family. The law also provides for maternity pay equal to the employed mother's earnings for a period of one year for the first and second child, or a period of two years for the third and any subsequent child.

Efficient mitigation of demographic challenges must take into consideration socio-economic and cultural dimensions in all three spheres of demographic development: fertility level, life expectancy and migration. Priority should be given to economic development and investment in healthcare, education and environmental programmes.

At the same time, research findings on attitude change suggested that it was vital to considerably increase financial transfers for families with children, as well as to support contemporary forms of partnership and achieve a balance between family and work, i.e. reconcile parenthood and education.

It is necessary to support the concept of active ageing by encouraging economic activity among the elderly, their participation in social activities and their independent living for as long as possible.

Economic and social development would not only contribute to decreased emigration, but also encourage immigration to Serbia. Hence, it is vital to define the target groups of the immigrant population, create a positive immigration climate and develop instruments for their integration.

1.2.5. Regional Cohesion

Regional disparities in the Republic of Serbia are among the highest in Europe. Out of the total 145 municipalities and cities, 46 are extremely underdeveloped, of which 23 are classified as devastated areas, i.e. municipalities whose development level is below 50% the national average.

The main problems of regional development in the Republic of Serbia include unemployment and social exclusion, demographic devastation, adverse educational structure of the population, insufficient economic competitiveness, insufficiently developed infrastructure, incomplete institutional framework and poor administrative capacity for programme and project implementation.

The structure of regional economies varies considerably. Almost two-thirds of the manufacturing industry is concentrated in two regions (the Belgrade region and Vojvodina region). Moreover, the Autonomous Province of Vojvodina has a dominant position in creating added value in the agricultural sector, whereas the City of Belgrade's largest contribution to GDP is in the services sector. Regional distribution of industry is highly unbalanced. Currently, there is no reliable way to identify measures and programmes that contribute to achieving the strategic objectives of regional policy. In addition, there is no evaluation of the effects of public spending from the national budget of the Republic of Serbia.

The Serbia 2013 EU Progress Report identified achievements in the sphere of regional policy and the coordination of structural instruments. It also stressed the necessity of ensuring adequate implementation capacity under the decentralised management system and improving the programming process, especially in terms of developing high-quality projects based on relevant strategic documents.

The Government must still adopt the National Plan of Regional Development until 2020 and five regional development strategies, as well as adopt amendments to the Law on Regional Development, which will accurately define the institutional framework for the implementation of the above National Plan. Each of the regional development strategies needs to take into account the specific characteristics of unemployment, poverty and other factors of social exclusion.

As for cohesion policy, it is necessary to prepare IPA II programming documents and invest efforts to ensure that the decentralized system is functional and sustainable after its accreditation, primarily by

hiring an adequate number of civil servants, in accordance with the estimated workload, and by defining a clear staff retention policy.

A reliable mid-term plan of structural reforms, coupled with fiscal consolidation measures, needs to be implemented. It is also necessary to further strengthen the administrative capacities of institutions at all levels, revise the strategic framework and introduce an optimum number of strategies for each sector: for example, a document entitled “Employment and Social Reform Programme” could become the overarching document in the “Human Resource and Social Development” sector.

1.2.6. Rural Development

In the period 2011-2013, the share of the poor population was twice as high in rural areas as in urban ones. In 2013, 12% of the rural population suffered from absolute poverty, compared to 6.3% of persons in urban areas. The Census of Agriculture registered a total of 631,522 holdings, utilizing 3.437 million hectares of agricultural land, with an average size of 5.4 hectares. Holdings between one and five hectares experienced a more difficult impact from the economic crisis. According to the Census of Agriculture in 2012, more than 76% of holdings belonged to this category, yet accounted for only 30% of the total area of all holdings.

Rural areas in the Republic of Serbia are characterized by poverty, regional and developmental disparities, migration, depopulation, an unfavourable demographic and educational profile, vulnerable employment, a low level of local initiatives, reduced competitiveness and a loss of natural and cultural heritage. The lack and poor availability of social services contributes to the exclusion of and discrimination against particularly vulnerable categories of the rural population. In addition to women and youth, social exclusion also affects the elderly and children, especially children with disabilities.

The digital divide between rural and urban areas continued as a result of underdeveloped infrastructure and broadband access (52.4% in urban areas, compared to 28.5% in rural ones). The development of rural areas is dependent on the coverage and overall condition of the local infrastructure, as well as on its accessibility to the rural population.

The share of the agrarian budget within the overall national budget is unstable and insufficient, ranging from 2.45% (2.73% in the amended budget) in 2011 to 4.49% (4.29%) in 2013. Most local governments provide funds for rural areas as part of their allocations for agriculture, leaving inadequate provisions for other economic activities, communal infrastructure and social and other expenditures.

Since the Republic of Serbia lacks a definition of rural areas, it is necessary to introduce new criteria for classifying communities, in order to obtain a clearer picture of the demographic and socio-economic position of rural areas, as well as create the basis for adopting public policies and monitoring their impact.

It is vital to maintain support to institutional strengthening of the sector by promoting a territorial approach to designing rural policy programmes and measures, as well as by strengthening the role of local governments in agriculture and rural development. It is necessary to further strengthen local stakeholders' capacities for European integration in agriculture and rural development, by supporting local governments and representative institutions, in establishing their role and implementing their mandates, especially with regard to delegating competences to ward offices.

In order to promote social inclusion and poverty reduction, it is crucial to develop employment programmes in rural areas, focusing on employment in non-agricultural activities and on the inclusion of rural population in active labour market measures. Other important measures include supporting association and entrepreneurship development, increasing the availability of social services, promoting the digital inclusion of the rural population and supporting activities that contribute to the social inclusion of vulnerable categories of the rural population.

1.2.7. Employment

The transition of the active population into inactive status represented the main change in the structure of the working age population until 2011. However, the number of active working age inhabitants started to grow in the period 2011-2013, which in view of the drop in the number of the total working age population, resulted in an increase in activity rates. Employment of the working age population in this period increased, as did the employment rate which, along with the increase in activity, led to a drop in unemployment rate as of the second half of 2012. Very high rates of long-term unemployment persist, as does their tendency to increase during the economic crisis. A high general inactivity rate is a result of institutional solutions on the labour market and demographic factors including population ageing and labour migration.

The youth activity rate has been recording a protracted downward trend, and the youth unemployment rate has surged since the onset of the crisis – from 35.1% in 2008 to 49.4% in 2013. In addition to being unemployed and inactive, a significant number of young people did not participate in education or training (NEET) – approximately 150,000 (19.5% of the total number of young people aged 15-24) in 2013. Employers are dissatisfied with current curricula, which is considered responsible for the development of inadequate qualifications and the lack of practical skills and work experience among youth. The unemployment rate of older workers has been growing in recent years, primarily due to company privatisation and restructuring processes. The unemployment rate of persons with lower levels of education is also on the rise, which in combination with other vulnerability factors, primarily affects persons difficult to employ on the labour market: Roma, persons with disabilities and older workers from rural areas.

Although the key labour market indicators deteriorated in 2011, the allocated funds were significantly reduced in the 2012 and 2013 budgets of the Republic of Serbia. The share of expenditures for active employment policies in the 2013 GDP dropped to only 0.03%, while allocations for the payment of benefits remained relatively stable over the years – in the realm of 0.5% of GDP. The funds for these purposes sufficed for an average 20% of the unemployed persons registered by the National Employment Agency to take advantage of the services and measures of active employment policy during a 12-month period. The majority of unemployed persons use employment mediation and professional orientation and career counselling. More than 50% of the funds allocated to active employment policies are earmarked for additional education and training programmes, mostly due to the high costs of internship and professional practice programmes that largely cater to young and well-educated persons in search of first employment. The trainings mostly target persons with low qualifications, but the annual participation of unemployed persons in trainings is quite modest relative to the more than 30% of registered unemployed persons with primary education only or without primary education at all.

The future should see integration of the processes for developing employment and economic policies, a comprehensive analysis of the implementation of the National Employment Strategy and the revision of the 2015-2020 objectives. Continued evaluation of measures, capacity building for developing evidence-based policies and continued strengthening of labour market institutions are also required. In addition, efforts should be invested into strengthening inter-sectoral cooperation, in particular through the introduction of a system of integrated services in the sectors of education, social protection and employment with a view towards preventing the unemployment of categories of the population difficult to employ.

Furthermore, allocations for active employment policy measures need to be increased to 0.5% of GDP by 2020, as well as allocations for mediation in employment and professional orientation and career counselling. Additional education and training programmes should be designed to better correspond to the needs of less-educated beneficiaries and should focus more on on-the-job training (at the employer's request).

In its progress reports, the European Commission has regularly noted the underdeveloped social dialogue in the Republic of Serbia and the need to enhance stakeholder capacity. In the period ahead, the Framework for the Development of Social Entrepreneurship should be defined and inter-ministerial coordination strengthened. The social aspect of public procurement may present a significant source of funding and, therefore, more efforts should be devoted to raising awareness about its benefits and opportunities.

1.2.8. Education

The strategic framework for improving education has been systematised and enhanced by the endorsement of an integrated Strategy for Development of Education in the Republic of Serbia by 2020. The Strategy's objectives include increasing the quality of the education process and its outcomes, increasing coverage at all levels of education, attaining and maintaining relevance and increasing the efficiency of education. In accordance with the Strategy, the legal framework has been improved through the adoption of a set of new laws and by-laws and amendments to existing legislation.

Compared to the previous reporting period, progress has been made in the performance of the Republic of Serbia relative to EU education objectives. However, the education system continues to achieve lower outcomes compared to the international average; education at all levels remains directed towards transferring academic knowledge, with evident, low levels of general development and in the key competencies of young people.

The educational structure of the population continues to be unfavourable – some 32% of aged 15+ has a primary education or lower, 49% of persons have a secondary education and only 16% a high or higher education. Furthermore, regional disparities with respect to the level of education are large. The Roma community has the most members with only a primary or lower level of education and the least with a high or higher education. More than 50% of persons with disabilities aged 15+ have completed only primary education or a lower level of education.

The coverage of children by mandatory education (pre-school preparatory programme and primary education) is high, but not full. Coverage by preschool education that is not mandatory (just over 50%) presents the greatest challenge, with children from rural areas and marginalised groups excluded to a significantly higher degree. Coverage by secondary education is relatively high, but coverage by general secondary education remains far from the objective of 50% as set out in the Strategy. Coverage by high education is relatively high (approximately 60% of a generation), but the rate of completion of higher education is low.

The low quality of education is reflected in a number of ways, including underdeveloped key competencies among youth, insufficient inclusiveness in formal education, large regional disparities in the level of education, a high percentage of adults who have completed only primary education and a low percentage involved in some type of education or training. International testing on educational attainment suggests that the quality of education in the Republic of Serbia achieves lower outcomes relative to the international average, primarily in the educational attainment of pupils who have completed primary education. The adoption of a series of indicators for monitoring the education system, by setting various standards of attainment and introducing external evaluation of the quality of school performance represented the first step towards ensuring the quality of education.

The fairness of education improved significantly over the past years, but important challenges persist: a considerable number of children from marginalised groups either do not enrol or leave education prematurely; there are large differences in educational attainment between different regions, with the poorest regions having, in general, a lower quality of education; children from marginalised groups who remain in education do not receive an adequate quality of education and consequently have significantly lower attainment than other pupils; while inclusiveness of education has been improved, a lack of

readiness and capacity among certain number teachers is evident as are obstacles to the functioning of inter-sectoral committees, etc.

The efficiency of primary education improved somewhat through an administrative increase of the number of pupils in classes, but the education system is not yet efficient enough: allocations for education as a percentage of GDP in Serbia are similar to those of other European countries, but its quality thereof is significantly; the number of teachers shows a constant upward trend, while the number of pupils continues to drop as a result of negative demographic trends; the primary school network is not adapted to needs; the funding model is inadequate and the piloting of a new model has been suspended.

In order to overcome the challenges Serbia faces with respect to the coverage, quality, fairness and efficiency of education, an entire set of measures needs to be implemented in a systematic, sustainable and continuous manner. Some of the most important recommendations include: establish an information system and improve the processes of data collection and reporting; ensure continued enhancement of inclusive practices in schools through improving staff competencies and increasing financial resources conducive to quality inclusive practices; develop mechanisms for early identification and support to children subject to early drop-out risks; develop a uniform national qualifications framework; put in place a functional system for recognising informal education and non-formal learning; introduce mandatory secondary education; develop new curricula at all levels for education directed at learning and developing key competencies and ensure teaching materials and aids that will support the practical implementation of the new curricula; reform the initial education of and the system for the professional advancement of teachers in order to develop all necessary professional competencies; enhance the social dimension of higher education and raise its quality so that students may develop general and professional competencies

1.2.9. Social Welfare and Child Protection

Notable changes have been made in the cash benefits system under social welfare and child protection, primarily with respect to the entitlement to financial social assistance. Between 2010 and 2013, the number of financial social assistance recipients in the Republic of Serbia grew by over 50%, while the ratio of expenditures to the gross domestic product almost doubled, primarily owing to the new legislative solutions of 2011. Despite these improvements, benefit coverage of the disadvantaged is low, due to widespread poverty and restrictive qualifying requirements. The ratio of the net income of social assistance to the at-risk-of-poverty threshold ranged between 0.54% and 0.66% for different household types in 2012. The absolute assistance amounts are low in relation to the ability to meet basic needs, as well as in comparative terms. A prerequisite for further improving benefit adequacy is the activation of financial social assistance recipients. The coverage, benefit amounts, number of recipients and legal provisions governing other cash benefits did not change significantly in the observed period.

With regard to social and child protection services, the key improvements have been made in the legislative sphere. The legislative solutions of 2011 established a new system framework and provided for new mechanisms, as well as institutions, primarily with oversight and regulatory roles. Delays in the adoption of certain by-laws – such as those on earmarked transfers, beneficiaries' activation or integrated social and health care institutions – considerably restrict the reform potential of the new legal provisions.

Despite the continued deinstitutionalisation process and the expansion of foster care, the development of existing community-based services is insufficient, uneven and often unsustainable. The least progress has been achieved in the provision of community-based services for adults with disabilities, particularly those with intellectual and mental health problems, given that virtually no reform has been implemented in the care for these persons.

The key challenges in the sphere of cash benefits include increasing coverage and improving means-tested benefits (financial social assistance and child allowance), with a focus on active inclusion mechanisms and subject to the availability of budget funds. Research shows that, in the short term,

improvements within both schemes should in particular entail higher benefits for secondary school students and children with disabilities. Relaxing property-related requirements, in particular raising the land ownership ceiling, would allow for an increase in coverage by financial social assistance without increasing the benefit amount. An increase in child allowance coverage could be achieved by removing certain barriers, such as the requirement for children's parents to be covered by health insurance. The modality of assessing farming income should be revised in both schemes.

In addition to material support, other mechanisms and programmes for supporting biological families and preventing the (unwarranted) removal of children from their families should be established; furthermore, a continued deinstitutionalisation process and the development of community-based services remain the main reform goals in the area of social care services. In the short term, it is essential to complete the process of licensing social service providers and professionals and establish and strengthen training programmes.

In view of multiple risks and deprivation factors, cross-sectoral, local and national networking is crucial, including building information and administrative links, introducing the practice of obtaining documents on behalf of the client, formulating relevant protocols for cooperation among different institutions, establishing joint mobile teams and procedures and the like. To support cross-sectoral activities in the medium term, it is important to establish a designated Social Inclusion Fund, which should facilitate more effective and efficient support to the social inclusion of vulnerable groups.

1.2.10. Pensions

Pension insurance in the Republic of Serbia is mandatory and financed on a pay-as-you-go basis. According to the 2011 Population Census, pension coverage of the population over the statutory retirement age stood at approximately 85% and was higher for men, at 93.3%, than for women, at 79.3%.

The system is designed to link effectively workers' earnings throughout their working lives to their future pensions through a point formula. Currently, for full pensionable service, pension income can be maintained at approximately 63% of pre-retirement earnings.

The mandatory pension insurance system, in the form of the minimum pension, provides a minimum income in old age. The minimum old-age and disability pension under employee and self-employed insurance has always been above the absolute poverty line. The farmers' pension is mainly below the absolute poverty line; however, in-kind income should be taken into consideration, as it is mainly generated by the farming population, even in old age. The minimum survivors' pension has continually been below the poverty line, and the possibilities for pooling income within a household are much more limited for survivors' pension recipients.

According to the available data, under both absolute and relative poverty concepts, pensioners' poverty is below that of the overall population. The situation is similar with regard to the population over the age of 65. These findings corroborate the important role of the pension system in elderly poverty reduction.

Although plenty has been done in the past decade, there is room for further pension system reform, particularly with respect to “increased pensionable service”, and the possibilities for survivors' and disability pensions reform should be explored.

“Penalties” for retirement before reaching the retirement age should be introduced, but their level should be determined with care, in view of the unfavourable labour market situation. The penalties should apply to all old-age pension recipients who retire before reaching the retirement age, both those retiring on the grounds of pensionable service and those retiring on the grounds of “increased pensionable service” (with the exception of certain occupations in which life expectancy is known to be lower). It is vital to improve the collection and enhance the oversight of the wages reported and disbursed, as well as to invest great efforts into improving contribution collection from insured farmers.

It is essential to consider introducing an instrument for securing a minimum income in old age that would be more adequate than minimum pensions and one-off assistance to pensioners. This instrument should also cover elderly without pension income (and potentially introduce a designated “module” for elderly within the financial social assistance scheme, which would entail either a higher base for elderly households than the existing one, and/or a higher weight for each elderly person in the family).

Life expectancy must be taken into account when raising the retirement age, including the possibility of tying the retirement age to life expectancy, which would introduce its automatic raising.

1.2.11. Health

The health care system of the Republic of Serbia has been facing numerous challenges since 2010. An ageing population, the development and introduction of new diagnostic methods and potent and expensive medications all lead to pressures to increase health care costs. The consequences of the global financial crisis have manifested in economic growth stagnation and increased unemployment and poverty, which threaten the financial sustainability of the Republic Fund for Health Insurance, and the capacity of the State to fund the health care of vulnerable social groups, resulting in a lower accessibility of health care for populations in remote rural areas, persons with disabilities), socially vulnerable persons and members of ethnic groups and minorities.

In all, 95.8% of the population in the Republic of Serbia is covered by mandatory health insurance, a share that has practically remained unchanged since 2010. Despite the adequacy of the regulatory framework, inequalities in health and health care between vulnerable categories and the majority population persist in the Republic of Serbia. According to the law, health care is accessible to the entire population, but differences may be noted in health status, accessibility (geographic, financial, cultural or physical), the use of health care services, satisfaction with the services provided and out-of-pocket payments for services obtained.

One in five inhabitants of the Republic of Serbia belongs to or is at a risk of belonging to a vulnerable social group, representing a total of 19% of insured persons for whom health care funds are earmarked in the budget of the Republic of Serbia. The budget transfers for this purpose have dropped significantly since 2007: in 2011 and 2012 these funds were 21.5 times lower than the sum to be earmarked according to the Law on Mandatory Social Insurance. This threatened the accessibility of health care to these groups as well as the entire population as the total funds for health care were lower.

One of the key threats to the health of inhabitants in the Republic of Serbia is high-risk behaviour, with increased high-risk behaviour among young people of particular concern. Environmental threats are also significant. The above stated determinants affect the outcomes of population health, characterising the Republic of Serbia by a high burden of preventable diseases that can also result in premature death (cardiovascular, malignant diseases, accidents and injuries). New strategies and programmes should include equality in health as one of their key objectives and stimulate the development of measures and activities focusing on social and economic health determinants and behavioural risk factors as generators of inequality in health.

The indicators of efficiency in the health care system show lower values than those in EU countries, at the level of primary, secondary and tertiary health care alike. The quality of health services is inconsistent. More attention should be paid to monitoring and reporting on the safety of patients and observing the rights of patients in the health care system of the Republic of Serbia.

In the short term, capacities should be enhanced to better implement the legal framework, with a special need for more effective institutional coordination of relevant stakeholders. Better planning and management of human resources, restructuring of capacities (in hospitals, in particular), development of

specific community health care programmes responding to the needs of the population and partnership with the civil sector are required.

In the long term, the current inequalities in the health and health care of vulnerable social groups and the majority population need to be reduced. Reducing inequalities in health will principally depend on the responsibility of the State to take over the financing of the health care of vulnerable social groups by ensuring the required budget funds and by pooling funds of all other sectors in charge of the health and welfare of the population. Development of a basic set of indicators of inequality in health and regular monitoring and reporting on their values will ensure better insight into the effects of all activities directed towards improving the health of vulnerable categories.

1.2.12. Housing

The National Social Housing Strategy from 2012 defined the basic lines of action in this sector. The Republic Housing Agency was founded and 15 non-profit housing organisations were awarded operating licences. Moreover, two laws were passed with a view towards transferring illegal construction into the legal sphere and establishing ownership records; however, they do not provide for sufficient possibilities for the legalisation of illegally built property in substandard settlements. Furthermore, the existing practices and procedures of forced eviction are not aligned with international standards.

The housing supply in the Republic of Serbia is still characterised by an extremely large proportion of privately owned dwellings – more than 98%, according to the 2011 Census. The share of households living in their own dwellings is also very large, which is a consequence, inter alia, of an underdeveloped rental sector, both private and public. In addition, the existing system of social housing for rent is not affordable to low-income households, considering the difficulties they face in paying rent or utility bills.

The Survey on Income and Living Conditions (SILC) for the first time provided in-depth information on the indicators of social inclusion in the housing sector in the Republic of Serbia. According to the survey, in 2013, more than half of all households lived in overcrowded dwellings, housing costs imposed a considerable burden on the budgets of two-thirds of households and one-third of households had debts for unpaid utility bills. About one-fifth of the Republic of Serbia's households were facing multiple housing deprivations, i.e. lived in overcrowded dwellings that had additional deficiencies (damp, dark, no bath or flushing toilet and the like). If all relevant indicators are considered, households with income below the at-risk-of-poverty threshold have poorer living conditions.

The 2011 Census identified more than 18,000 homeless persons (the majority above 65 years of age), for the first time distinguishing between primary and secondary homelessness. A large number of homeless persons were children of all ages and age groups, with an equal proportion of boys and girls. The housing situation of the Roma population is still particularly difficult, with a considerable difference between their housing conditions and those of the majority population, while the implementation of adopted measures for improving this area is very poor.

Proper regulations need to be adopted regarding the practices and procedures of forced eviction, which should be aligned with international standards of human rights protection, and their practical implementation and observance need to be ensured.

It is necessary to initiate new housing programmes and provide funds for their implementation, as well as to commit to capacity strengthening and awareness raising of local governments about their obligation to address social housing issues. Efforts need to be channelled towards improving the coordination of the implementation of measures envisaged by the National Social Housing Strategy and other documents focused on improving the housing conditions of certain vulnerable groups. It is essential to continue to regularly collect and update data relevant for monitoring social exclusion in the sphere of housing.

As envisaged in the National Social Housing Strategy, it is necessary to introduce and regulate the system of housing benefits for low-income households which are unable to afford housing costs.

1.2.13. Human Rights and Social Participation

The Republic of Serbia has established and continues to further develop the constitutional, legislative and institutional frameworks for observing international human rights law. The Republic of Serbia continues a proactive policy with regard to acceding to the conventions of the United Nations, the Council of Europe and the human rights instruments of other international organisations. The Constitution of the Republic of Serbia is aligned with modern standards of human and minority rights, but it is necessary to remove minor inaccuracies in this area.

The position of vulnerable groups has been significantly improved (women, persons with disabilities, Roma, LGBTI [lesbian, gay, bisexual, trans/transgender and intersex] persons, asylum seekers, internally displaced persons and others), but in some areas there is a need for additional steps. The process of improving the position of the Roma has continued, but it is necessary to coordinate established measures in order to achieve better results in their implementation. The Roma population is still subjected to discrimination, particularly in relation to access to social and health care, employment and adequate housing. Despite a series of activities, LGBTI persons are still exposed to hate speech in public gatherings, in the media and on the Internet, as well as through hate graffiti and other ways. The annual Pride Parade was again cancelled on security grounds. There are no legal provisions that would protect the rights of transgender persons and permit the quick change of identity documents.

Special attention should be devoted to the rights and inclusion of vulnerable groups, especially the Roma, the effective implementation of legislation governing the protection of national minorities and a non-discriminatory approach to national minorities throughout the territory of Serbia, as well as to addressing the issue of discrimination on the grounds of sexual orientation or gender identity.

The framework law on children's rights has yet to be adopted, and the health care of children and the families of children with rare diseases has not been regulated. Additional efforts should be made to achieve better work/family life balance in the further reform of labour legislation. Specific measures to promote the equality of persons whose health status can be grounds for discrimination should be developed further. Due to the increasing number of asylum seekers in the Republic of Serbia, it is necessary to provide additional capacity for their accommodation and harmonise the country's legal framework with the EU *acquis* on legal migration.

Further efforts should be made to achieve full gender equality, since available data indicate that women are still in a disadvantaged position compared to men. Moreover, domestic violence, especially against women, is still widespread.

In the field of statistics, there is still a deficiency in specific indicators for monitoring and analysing the effects of adopted measures, as well as in the data for systemic monitoring of the conditions and improvement of the status of minorities and vulnerable social groups.

Despite obvious results, it is necessary to further improve the work of independent bodies in the forthcoming period and to ensure that their decisions and recommendations are implemented. In different areas, new institutional forms have been created which should further contribute to the promotion and protection of human rights, particularly those which pertain to vulnerable groups.

Regarding social participation, despite the progress achieved so far, wider public involvement in decision-making processes will remain a challenge in the forthcoming period. It is necessary to make additional efforts to involve civil society in the further EU accession process of the Republic of Serbia, as well as in the process of drafting national legislation.

2. Social Inclusion and Poverty Reduction within the European Integration Process

2.1. *Development of Relevant Policies, Institutional and Regulatory Framework in the European Union*

- 2.1.1. In its founding treaties, the European Union (hereinafter: the EU) specified a wide range of tasks, including reaching a high level of employment and social protection, achieving the equality of women and men and raising the standard of living, quality of life and economic and social cohesion and solidarity among member states.¹ The EU's commitment to achieving these tasks was reiterated in 1994, when the European Commission defined **the European Social Model** as a "set of common values that include democracy and individual rights, free collective bargaining, the market economy, equal opportunities for all and social protection and solidarity".²
- 2.1.2. **The coordination of social inclusion policies among EU Member States takes place through the implementation of Open Method of Coordination** (hereinafter: OMC) at the EU level.³ This is a voluntary process of political cooperation among member states, based on an exchange of experiences, commitment to common objectives and indicators that measure progress in pursuing defined objectives and the coordination of policies.
- 2.1.3. After the Treaty of Amsterdam extended the application of the OMC to the field of employment in 1997, the EU adopted the Lisbon Strategy in 2000, **extending the OMC to the fields of social inclusion, pensions, healthcare and long-term care**.⁴ Its integral part was the Social Inclusion Strategy, as a framework for developing national strategies and coordinating policies among the EU Member States with regard to issues concerning social exclusion. The overarching objectives were defined in 2005 both in terms of the "Social OMC" and within each separate area.
- 2.1.4. This coordinated action at the EU level led to the creation of national action plans⁵, used by member states to scrutinize their policies and define the ways in which they would carry out activities in the process of social inclusion and poverty reduction. **Mechanisms were set up under the OMC to monitor the state of social affairs in the EU** through the Report on the Social Situation in the European Union and the European Observatory on Social Situation and Demography.
- 2.1.5. The European Social Fund⁶ serves as the central mechanism for pursuing objectives stipulated under the OMC; in addition, the EU has offered financial support through the following instruments: the European Globalisation Adjustment Fund⁷, the Fund for European Aid to the Most Deprived⁸, the EU Solidarity Fund⁹ and the Employment and Social Innovation Programme

¹ Article 2 of the Treaty Establishing the European Community.

² White Paper on Social Policy (COM (94) 333), http://aei.pitt.edu/1118/1/social_policy_white_paper_COM_94_333_A.pdf

³ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions from 2 July 2008 – 'A renewed commitment to social Europe: Reinforcing the Open Method of Coordination for Social Protection and Social Inclusion' (COM(2008) 418 final).

⁴ Initially, the Open Method of Coordination entailed three separate processes, which were merged in 2005 into one mechanism, the so-called Social OMC.

⁵ Since 2008, Member States have been adopting national strategic reports, which are appraised by the European Commission and the Council through joint reports.

⁶ <http://ec.europa.eu/esf/home.jsp?langId=en>

⁷ <http://ec.europa.eu/social/main.jsp?catId=326&>

⁸ <http://ec.europa.eu/social/main.jsp?catId=1089&langId=en>

⁹ http://ec.europa.eu/regional_policy/the_funds/solidarity/index_en.cfm

(EaSI).¹⁰ Complementary to the development of the European social model is the process of designing the policy of economic and social cohesion, which aims to achieve balanced and harmonious development, primarily through narrowing the social and economic gaps between regions. This is to be achieved by supporting less developed regions through European structural and investment funds – the European Social Fund and the European Regional Development Fund, as well as the Cohesion Fund.¹¹

- 2.1.6. With regards to primary sources of law, **the most recent progress in the area of social policy at the EU level was achieved with the adoption of the Treaty of Lisbon in 2007**. The Treaty introduced many innovations significant for the regulation of social affairs into the EU legal system, primarily the explicit definition of shared competence between the EU and member states in the field of social policy. Furthermore, the Treaty contains the “Social Clause”¹², whereby in defining and implementing its policies and activities the EU “shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health”.
- 2.1.7. The EU institutional framework primarily includes **the European Commission, as the body proposing regulations to the European Parliament and the Council of EU**, including those related the process of social inclusion. The European Commission comprises a number of directorates-general with competencies for activities in the sphere of social inclusion: the Directorate-General for Employment, Social Affairs and Inclusion; the Directorate-General for Education and Culture and the Directorate-General for Health and Consumers. In addition, the Commission has established several bodies that contribute to the social inclusion process, such as the Social Protection Committee.¹³
- 2.1.8. **The European Parliament** participates in the process of social inclusion through the activities of several of its committees, namely on employment and social affairs, human rights, culture and education, women’s rights and gender equality, etc. **The Council of the EU** discusses and decides on matters pertaining to the social inclusion process in various Council configurations, primarily in the employment, social policy, health and consumer affairs council and the education, youth, culture and sports council.
- 2.1.9. Among other EU bodies significant for the process of social inclusion, it is important to acknowledge two committees: the European Economic and Social Committee and the Committee of the Regions. **The Economic and Social Committee**¹⁴ has an advisory role in the process of adopting legislation and constitutes the pivotal EU body for cooperation with civil society and social partners – employers and trade unions. **The Committee of the Regions**¹⁵ also plays an advisory role and gathers representatives of regional and local authorities.
- 2.1.10. Also significant for the process of social inclusion is the work of several types of EU agencies. **Decentralized-community agencies** are established primarily to accomplish a very specific technical, scientific or managerial task. Agencies of this type, which are relevant for the process of social inclusion are, the European Training Foundation¹⁶, European Centre for the

¹⁰ The programme merges the Programme for Employment and Social Solidarity – PROGRESS, the European Job Mobility Portal – EURES and the European Progress Microfinance Facility, <http://ec.europa.eu/social/main.jsp?catId=1081>

¹¹ For more information visit the European Commission website: http://ec.europa.eu/regional_policy/thefunds/index_en.cfm

¹² Article 5a of the Treaty of Lisbon, accessed at the website: <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:C:2007:306:FULL&from=EN>, May 28, 2014

¹³ <http://ec.europa.eu/social/main.jsp?catId=758>

¹⁴ <http://www.eesc.europa.eu/?i=portal.en.home>

¹⁵ <http://cor.europa.eu/en/Pages/home.aspx>

¹⁶ <http://www.etf.europa.eu/>

Development of Vocational Training¹⁷, European Foundation for the Improvement of Living and Working Conditions¹⁸, European Union Agency for Fundamental Rights¹⁹, European Agency for Safety and Health at Work²⁰ and the European Institute for Gender Equality.²¹ **Executive agencies**, such as the European Education, Audio-visual and Culture Executive Agency²², are mainly established to run individual EU programmes (e.g. the programme for modernising higher education – TEMPUS, which has been replaced in 2014-2020 by the *Erasmus+* programme).

2.2. Strategic Framework in the European Union

- 2.2.1. The strategy **Europe 2020: Strategy for Smart, Sustainable and Inclusive Growth**²³ (hereinafter: Europe 2020 Strategy) is the fundamental document of the current EU strategic framework. This document was adopted in an attempt to more effectively coordinate economic and social policies at the EU level, taking into account the achievements of the Lisbon Strategy and its social dimension – the Agenda for Social Policy 2000-2010.
- 2.2.2. **Functioning of the State Ruled by Law:** Guarantees of democracy and the rule of law are part of the so-called political criteria for accessing to the European Union.²⁴ Title VII²⁵ of the Stabilization and Association Agreement is particularly important, comprising provisions relating to justice, freedom and security.²⁶ The European Union has noted that the Republic of Serbia has achieved a high level of harmonisation of the political criteria under EU membership; however it is expected to continue achieving progress towards their fulfilment and the implementation of key reforms and legislation, in particular, reforms in justice, the fight against corruption and organized crime, public administration, independence of key institutions, freedom of the media, protection of minorities and the fight against discrimination. Special attention should be paid to the rights and inclusion of vulnerable social groups, particularly the Roma, as well as issues of discrimination based on sexual orientation and gender.²⁷
- 2.2.3. **Population:** The European Union is facing demographic changes (ageing population, low birth rates, changes in the family structure and migration). In response to these, five key solutions have been identified at the EU level: support to demographic recovery by ensuring better conditions for families and the reconciliation of work and family life; stimulation of employment and increased quality of work; enhancing productivity through investment in education and research; acceptance and integration of migrants in Europe and ensuring sustainable public finances to guarantee adequate pensions, healthcare and long-term care.

¹⁷ <http://www.cedefop.europa.eu/EN/Index.aspx>

¹⁸ <http://www.eurofound.europa.eu/>

¹⁹ <http://fra.europa.eu/en>

²⁰ <https://osha.europa.eu/en>

²¹ <http://eige.europa.eu/>

²² http://eacea.ec.europa.eu/index_en.php

²³ Adopted at the EU summit on June 17, 2010, http://ec.europa.eu/europe2020/index_en.htm

²⁴ In the course of EU accession negotiations, the following negotiation chapters will be particularly important for the functioning of a state ruled by law: 23 (Judiciary and Fundamental Rights), 24 (Justice, Freedom and Security), 32 (Financial Control), 33 (Financial and Budgetary Provisions) and 34 (Institutions).

²⁵ Art. 80-87.

²⁶ The Law on the Ratification of the Stabilization and Association Agreement between the European Communities and Its Member States, on the one part, and the Republic of Serbia, on the other, Official Gazette of RS - International Agreements, No 83/08.

²⁷ Ministerial Meeting Opening the Intergovernmental Conference on the Accession of Serbia to the European Union - General EU Position (hereinafter: EU Negotiations Framework), see particularly Art. 14 and 21. Accessed at the website of the European Integration Office: http://www.seio.gov.rs/upload/documents/pristupni_pregovori/pregovaracki_okvir.pdf, 13.2.14.

- 2.2.4. **Regional policy:** The EU's regional policy represents its development and cohesion policy for the period 2014-2020, to be implemented through European structural and investment funds; it is considered the main policy for implementing the Europe 2020 Strategy. As in previous years, the major cohesion policy funds include the European Regional Development Fund and the European Social Fund, as well as the Cohesion Fund. However, the new 2014-2020 budget period implies certain novelties in the cohesion policy: it introduces a different classification of regions, focuses on specific priorities, includes *ex-ante* and *ex-post* preconditions for achieving specific goals and specifies reserves to be distributed based on achievement.²⁸
- 2.2.5. **Rural development:** The common EU agricultural policy includes two fundamental elements: supporting farmers to increase their competitiveness and promoting the development of rural areas, especially in less attractive regions. In accordance with these objectives, funding for farmers focuses on environmental protection and quality. At the EU level, responsibility towards rural development has been increased through an integrated financial instrument – the European Agricultural Fund for Rural Development²⁹ – which, in addition to strengthening the competitiveness of agriculture, aims at sustainable management of natural resources and a balanced territorial development of rural economy and rural communities.
- 2.2.6. **Employment:** The Europe 2020 Strategy underlines the objective of increasing the employment rate of the population aged 20-64 to at least 75% by 2020. The Strategy also defines the guidelines which are particularly relevant in the field of employment.³⁰ These are integral to the package of integrated guidelines in the fields of economic and employment policy for member states³¹, and they define joint priorities and objectives. As one of the flagship initiatives, the Agenda for New Skills and Jobs³² refers specifically to employment, with the objective of facilitating the achievement of the envisaged levels of employment and the sustainability of the social model.³³ The European Employment Strategy³⁴ represents the framework for the OMC in the field of employment. As a response to high unemployment rates in the EU, the European Commission adopted the Employment Package 2012, as a set of measures aiming to create new jobs.³⁵
- 2.2.7. **Social Entrepreneurship:** The European Platform against Poverty and Social Exclusion³⁶ emphasizes the development of partnerships and the potential of the social economy. On the European level, the most comprehensive policy in this area is defined by the Social Business Initiative³⁷, envisaging objectives relating to enhancing the quality of regulations, facilitating access to financing and structural funds³⁸, revising public procurement rules and state aid

²⁸ Refocusing EU Cohesion Policy for Maximum Impact on Growth and Jobs: The Reform in 10 points, accessed at: http://europa.eu/rapid/press-release_MEMO-13-1011_en.htm, February 13, 2014.

²⁹ http://ec.europa.eu/agriculture/cap-funding/funding-opportunities/index_en.htm

³⁰ An increase of participation in the labour market and a decrease of structural unemployment; development of a competent workforce that matches labour market needs; promotion of high-quality jobs and lifelong learning; enhanced performance of the education and training system at all levels, as well as an increased share of persons with higher education.

³¹ The European Commission proposes guidelines for national employment policies, which are approved by national Governments and are adopted by the European Council.

³² <http://ec.europa.eu/social/main.jsp?catId=958>

³³ In addition to the Agenda, activities are also supported by the European Employment Observatory and the Mutual Learning Programme.

³⁴ <http://ec.europa.eu/social/main.jsp?catId=101>

³⁵ <http://ec.europa.eu/social/main.jsp?catId=1039&langId=en>

³⁶ <http://ec.europa.eu/social/main.jsp?catId=961>

³⁷ *Social Business Initiative*, COM(2011) 682. The Government of the Republic of Serbia participates as an observer in the GECES expert group.

³⁸ The employment and social innovation programme envisages support for social entrepreneurship and micro-loans, as one of the three priority lines of action.

measures relating to social and local services and promoting the sector. The signing of the Strasbourg Declaration launched the continuation of activities under the second stage of support.³⁹

- 2.2.8. **Education and training policies:** In EU Member States, the goals of education system reforms principally relate to enhancing the quality of education, including children in early development programmes, decreasing the number of school dropouts and increasing the number of young people with higher education as well as the number of adults who participate in lifelong learning programmes. The central issues include increasing the education system's relevance for the labour market by adapting learning outcomes, creating national qualifications frameworks and empowering the current and future labour force to adapt to new conditions and potential career shifts. One of the priorities is the recognition of competences attained through formal or non-formal learning, including informal learning, for the purposes of further learning or employment.⁴⁰ EU Member States participate in the Open Method of Coordination in the field of education and training, whose major documents include the Strategic Framework for European Cooperation in Education and Training, "Rethinking Education - Investing in Skills for Better Socio-Economic Outcomes", the Recommendation of the European Commission on the Validation of Non-Formal and Informal Learning, the "Opening up Education" action plan and the "Entrepreneurship 2020" action plan.⁴¹
- 2.2.9. **Financial Poverty and Deprivation of Existential Needs:** One of the five objectives of the Europe 2020 Strategy is to decrease the number of persons living at risk of poverty or social exclusion, which is monitored by the AROPE indicator⁴² as a new and extended primary indicator of poverty and social exclusion. The Strategy forecasts a reduction in the number of persons living at risk of poverty or social exclusion by 20 million at the level of the European Union, followed by the transposition of this goal to national objectives.⁴³ The development of living standards indicators at the EU level is continuously undertaken within the Indicators' Subgroup of the Social Protection Committee⁴⁴ which, *inter alia*, envisages developing an indicator in 2014 that would indicate more clearly the effect of social transfers in different crisis situations.⁴⁵
- 2.2.10. **Social Welfare and Child Protection:** The Europe 2020 Strategy represents the major strategic framework in the area of social welfare and child protection. The European Platform against Poverty and Social Exclusion is the flagship initiative for the implementation of the Strategy⁴⁶, which underlines the adequacy and sustainability of benefits in this field, and identifies

³⁹ Strasbourg Declaration, http://ec.europa.eu/internal_market/conferences/2014/0116-social-entrepreneurs/declaration/index_en.htm

⁴⁰ Europe 2020, A European strategy for smart, sustainable and inclusive growth, Flagship Initiative: "An Agenda for new skills and jobs: A European contribution towards full employment, EC 2010, accessed at: <http://ec.europa.eu/social/main.jsp?catId=958>, May 29, 2014.

⁴¹ Council conclusions of 12 May 2009 on a strategic framework for European cooperation in education and training ('ET 2020'); Commission communication of 20 November 2012 on Rethinking Education: Investing in skills for better socio-economic outcomes (COM/2012/0669); Council recommendation of 20 December 2012 on the validation of non-formal and informal learning (2012/C 398/01); Commission communication of 29 September 2013 on Opening up Education: Innovative teaching and learning for all through new Technologies and Open Educational Resources (COM/2013/0654); Entrepreneurship 2020 action plan: Reigniting the entrepreneurial spirit in Europe.

⁴² AROPE – at risk of poverty or social exclusion.

⁴³ Europe 2020, A European strategy for smart, sustainable and inclusive growth, accessed at: http://ec.europa.eu/europe2020/pdf/targets_en.pdf, on May 29, 2014.

⁴⁴ Indicators' sub-group, Social Protection Committee, <http://ec.europa.eu/social/main.jsp?catId=830&langId=en>.

⁴⁵ Social Protection Committee Indicators Sub-group, 2014 ISG Work Programme, accessed at: <http://ec.europa.eu/social/main.jsp?catId=830&langId=en>, on May 29, 2014.

⁴⁶ European platform against poverty and social exclusion, accessed at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0758:FIN:EN:PDF>, on May 29, 2014.

multidimensional policies and measures for advancing the position of vulnerable populations such as single parent families, elderly women, minorities, the Roma, persons with disabilities and the homeless. Additionally, emphasis should be placed on the need to advance the skills of the most impoverished population and to ensure the inclusion of the categories most distant from the labour market. Policy coordination in this area is provided through the Open Method of Coordination and the Committee for Social Protection.⁴⁷ The eradication of poverty among children is one of the joint priorities of member states under the OMC; the topics of regular reports by the Committee include child poverty and wellbeing, as well as social services of general interest. The European Commission provides guidelines to member states regarding the modernisation of their social welfare systems through the Social Investment Package.⁴⁸ Other relevant instruments include the Charter of Human Rights, the European Disability Strategy 2010-2020⁴⁹, the EU Agenda for the Rights of the Child⁵⁰, as well as numerous recommendations relating to the fields of social welfare and child protection. Towards the end of 2013, the Council of the European Union adopted recommendation on effective measures at the national level relating to integration of the Roma.⁵¹

- 2.2.11. **Pensions:** Pension systems in the EU are also regulated by “soft legislation” coordinated through the OMC. In this sphere, the OMC was reformed in 2005 and integrated into the “Social OMC”. The overarching objective addressing the pension system envisages adequate and sustainable pensions, which will be provided by ensuring adequate income and access to the pension system which will, in turn, help maintain living standards after retirement at an adequate level, and ensuring financial sustainability of the public and private pension systems, taking into account demographic pressure and a transparent pension system which is tailored to the needs of modern society and demographic changes.
- 2.2.12. **Health:** The European Parliament adopted the Third Health Programme 2014-2020,⁵² identifying four overarching objectives which member states should integrate into their health policies to promote health and prevent diseases, contribute to innovative and sustainable health systems, facilitate access to better and safer healthcare and protect from serious cross-border health threats.⁵³ Additionally, the EU Health Strategy entitled “Together for Health”, adopted in 2007, responds to challenges faced by member states in strengthening cooperation and coordination across the EU, exchanging information and evidence-based knowledge and providing financial support and aid in developing policies and legislation.⁵⁴ In February 2013, the European Commission presented a document entitled “Investing in Health” as part of a package of social investment in development and cohesion.⁵⁵

⁴⁷ Social Welfare implies all the benefits and services aimed at ensuring social safety and protection from risks, not only those defined in the Republic of Serbia under the Law on Social Protection.

⁴⁸ Social Investment Package, accessed at:

<http://ec.europa.eu/social/main.jsp?langId=en&catId=1044&newsId=1807&furtherNews=yes>, on May 29, 2014

⁴⁹ European Disability Strategy 2010-2020, http://ec.europa.eu/justice/discrimination/disabilities/disability-strategy/index_en.htm

⁵⁰ EU Agenda for the Rights of the Child, http://ec.europa.eu/justice/fundamental-rights/rights-child/eu-agenda/index_en.htm

⁵¹ Council recommendation on effective Roma integration measures in the member states,

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/lsa/139979.pdf

⁵² Third Health Programme 2014-2020, http://ec.europa.eu/health/programme/policy/index_en.htm

⁵³ Regulation (EU) No 282/2014 of the European Parliament and the Council of 11 March 2014 on the establishment of a third Programme for the Union’s action in the field of health (2014.2020) and repealing Decision No 1350/2007⁵⁴ EC text with EEA relevance, accessed at: http://ec.europa.eu/health/index_en.htm, June 2, 2014.

⁵⁴ EU Health Strategy, accessed at: http://ec.europa.eu/health/strategy/policy/index_en.htm, June 2, 2014.

⁵⁵ Investing in Health, Commission Staff Working Document, Social Investment Package, Brussels, 20.02.2013, http://ec.europa.eu/health/strategy/docs/swd_investing_in_health.pdf

- 2.2.13. **Housing:** The Joint Report on Social Protection and Social Inclusion 2010⁵⁶ recognized social housing and support for households in ensuring adequate and quality housing as one of the key aspects which contribute to active social protection and social inclusion policy in the European Union. The European Parliament adopted the Resolution on Social Housing in the European Union in 2013⁵⁷, inviting member states and local authorities to develop their housing policies to ensure implementation of the right to housing, as a fundamental human right, in practice. The Resolution also invites the European Commission and member states to pay more attention to housing and relating services, including measures for reducing housing-related exclusion, to promote the social and economic role of social housing, to undertake measures to prevent and reduce energy poverty of households, etc.
- 2.2.14. **Human rights and social participation:** The European Union adopted the Charter of Fundamental Rights in 2000⁵⁸, proclaiming the sanctity of human dignity and incorporating general human, civil, economic and social rights. The 2007 Treaty of Lisbon reinforced political, economic and social freedoms and set the foundation for civil dialogue in the EU through new provisions on democratic principles, with the Charter of Fundamental Rights of the EU becoming a legally binding document.⁵⁹ The European Commission also adopted the Strategy for the Implementation of the Charter of Fundamental Rights.⁶⁰ Moreover, the Europe 2020 Strategy recognises the fundamental rights of impoverished and socially excluded persons. Relevant secondary EU legislation includes the Directive Implementing the Principle of Equal Treatment between Persons Irrespective of Racial or Ethnic Origin⁶¹, the Directive Establishing a General Framework for Equal Treatment in Employment and Occupation⁶², the Directive Implementing the Principle of Equal Treatment between Men and Women in the Access to and Supply of Goods and Service⁶³ and the Directive on the Implementation of the Principle of Equal Opportunities and Equal Treatment of Men and Women in Matters of Employment and Occupation.⁶⁴
- 2.2.15. Finally, it should be mentioned that in 2011 the European Commission presented the EU Framework for National Roma Integration Strategies up to 2020⁶⁵, which takes into account the human rights of the Roma and ensures the foundation for their social and economic inclusion.

⁵⁶ Report of the Social Protection Committee to the Council, Council of the EU, 6500/10 SOC 115 ECOFIN 101, FSTR 8 EDUC 31 SAN 31, 15 February 2010.

⁵⁷ European Parliament resolution of 11 June 2013 on social housing in the European Union (2012/2293(INI)), accessed at <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2013-246>, June 2, 2014

⁵⁸ EU Charter of Fundamental Rights, http://ec.europa.eu/justice/fundamental-rights charter/index_en.htm

⁵⁹ Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007. 2007/C 306/01, art. 2, 6, 7, 49, 53.

⁶⁰ European Commission, Strategy for the effective implementation of the Charter of Fundamental Rights by the European Union, COM (2010) 573/4, http://ec.europa.eu/justice/news/intro/doc/com_2010_573_4_en.pdf

⁶¹ Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32000L0043:en:HTML>

⁶² Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32000L0078:en:HTML>

⁶³ Council Directive 2004/113/EC of 13 December 2004 implementing the principle of equal treatment between men and women in the access to and supply of goods and services, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:373:0037:0043:en:PDF>

⁶⁴ Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast), <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:204:0023:0036:en:PDF>

⁶⁵ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: An EU Framework for National Roma Integration Strategies up to 2020, http://ec.europa.eu/justice/policies/discrimination/docs/com_2011_173_en.pdf

2.3. Legislative, Strategic and Institutional Framework in the Republic of Serbia

LEGAL FRAMEWORK IN THE REPUBLIC OF SERBIA

- 2.3.1. According to **the current Law on Ministries**⁶⁶, social inclusion policies in the Republic of Serbia are predominantly addressed by the following institutions: the Ministry of Labour, Employment, Veteran and Social Policy; the Ministry of Health; the Ministry of Education, Science and Technological Development; the Ministry of Youth and Sports; the Ministry of Economy and others. Additionally, the following special organizations also tackle such policies: the Republic Secretariat for Public Policies, the Republic Statistical Office and the Social Insurance Institute.
- 2.3.2. **The Law on Budget System**⁶⁷ envisages that the national budget should be drawn up according to the programme-based model starting from 2015. The programme-based budget will enable the more efficient utilisation of budget funds and will include programmes and activities of budget beneficiaries which are implemented towards a more efficient management of funds against the proposed programmes. The Ministry of Finance⁶⁸ prepared the Instruction on the Preparation of Programme-based Budget in February 2014⁶⁹, to be applied by public administration bodies, territorial autonomy bodies and local government units.⁷⁰
- 2.3.3. **The Law on Local Self-Governments**⁷¹ regulates local government units, the criteria for their establishment, the competencies, bodies, supervision over their instruments and work, the protection of local governments and other issues relevant to the exercise of rights and obligations of local government units. The Law envisages that the Republic of Serbia and/or autonomous province may delegate specific tasks in their competence to local government units.
- 2.3.4. Social inclusion policies are regulated by a number of sector regulations, such as the Law on Social Welfare, the Law on Financial Support to Families with Children, the Law on Preventing Discrimination against Persons with Disabilities, the Law on Gender Equality, the Law on Employment and Unemployment Insurance, the Law on Professional Rehabilitation and Employment of Persons with Disabilities, the Law on the Foundations of the Education System, the Law on Health Protection, etc. These and other relevant regulations are tackled in other chapters of this Report.

STRATEGIC FRAMEWORK IN THE REPUBLIC OF SERBIA

- 2.3.5. The principal courses for the development of the Republic of Serbia have been defined in numerous “overarching” strategic documents, including the National Plan for the Adoption of the Acquis 2014-2018⁷², the Fiscal Strategy 2014 with Projections for 2015 and 2016, the Industry

⁶⁶ Official Gazette of RS, No. 44/14.

⁶⁷ Official Gazette of RS, Nos 54/09, 73/10, 101/10, 101/11, 93/12, 62/13, 63/13 – amend. and 108/13.

⁶⁸ In cooperation with a USAID-funded project encouraging better business conditions.

⁶⁹

<http://www.mfin.gov.rs/UserFiles/File/budzetski%20korisnici/2014/Uputstvo%20za%20izradu%20programskog%20budzeta.pdf>

⁷⁰ The Standing Conference of Towns and Municipalities will be providing support to a limited number of local governments under the EU Exchange 4 project, to help them prepare for the transition to programme-based budgeting.

⁷¹ Official Gazette of RS, No. 129/07.

⁷² Government Conclusion 05 No: 337-8355/2014 as of July 31, 2014.

Development Strategy and Policy of the Republic of Serbia 2011-2020⁷³, the Public Administration Reform Strategy in the Republic of Serbia⁷⁴ and others.

- 2.3.6. **The National Plan for the Adoption of the Acquis 2013-2016** (hereinafter: NPAA) represents a multiannual programme for the harmonisation of national legislation with EU *acquis*. The NPAA defines development and strategic goals, the policies, reforms and measures necessary for their implementation; outlines a plan for the harmonisation of legislation and identifies human and budget resources, as well as other funds necessary for the implementation of envisaged tasks. The programme sets down the obligations relating to the transposition of EU *acquis* into national legislation, as well as the tasks required for the fulfilment of the political and economic criteria of EU accession (criteria from Copenhagen 1993 and Madrid 1995). Different aspects of social inclusion policies have been defined through the political criteria, economic criteria and sector-specific policies (social policy, employment, education, health care, etc.).⁷⁵
- 2.3.7. **The Fiscal Strategy 2014 with Projections for 2015 and 2016** envisages the following economic policy objectives for the next three-year period: to stabilise debt, after a period of sharp increase, and to reverse the upward trend; to stimulate economic growth driven by investment and exports; to create employment growth and to improve the standard of living, buoyed by a strong recovery of economic activity. **The Industry Development Strategy and Policy of the Republic of Serbia 2011-2020** focuses on exports and investment in the processing industry as key generators of GDP growth in the coming decade.
- 2.3.8. The overall reform goal of **the Public Administration Reform Strategy in the Republic of Serbia** is to advance the work of public administration in line with the principles of the so-called European Administrative Space, to ensure high-quality services for citizens and legal entities and to create a public administration in which will significantly contribute to economic stability and increase of the living standards of citizens. The Republic of Serbia accessed the Open Government Partnership⁷⁶ in 2012 and adopted the respective Action Plan of the Republic of Serbia 2013.⁷⁷ The action plan contains initial activities of improving the work of public administration, of which the regulation of public debates at the e-Government portal and a wider promotion thereof are particularly important for social inclusion.
- 2.3.9. A number of public administration bodies have developed databases containing citizens' data, with a same or similar structure, but with different types of data. The main challenges in the field of e-government development are: coordination and cooperation between public administration bodies; legal regulation in the field of e-government; digitalization and automatization of administrative and operational processes; capacity of human resources and information security in the field of public administration.

⁷³ Official Gazette of RS, No. 09/14.

⁷⁴ Official Gazette of RS, No. 55/11.

⁷⁵ Considering that the Republic of Serbia adopted the NPI in 2008 and the NPAA in 2013, and that it has implemented these two documents successfully over the previous six years while harmonizing its legal system with the EU legal system, the revision of the NPAA of 2014 adds a new dimension to the document by planning the obligations arising from negotiations and monitoring the implementation of what has been achieved during the negotiations. The implementation of the revised NPAA is planned to be launched in August 2014 and to cover a period of four years, ending on December 31, 2018. The achievement of NPAA objectives should be finalized by December 31, 2018, excluding those obligations for which transition periods for harmonization after EU membership are defined. Following the finalization of the screening period which is due until March 2015, a revised version of the NPAA will be prepared, as it will be possible to have an overview of all obligations in all the chapters and define the harmonization dynamics.

⁷⁶ The Open Government Partnership is a multilateral international initiative, launched to ensure support and stronger commitment of governments in the fields of transparency, cooperation with civil society organizations, fight against corruption and application of new technologies, so that public authorities may become more open, effective and accountable. See: www.opengovpartnership.org.

⁷⁷ <http://mtt.gov.rs/vesti/usvojen-akcioni-plan-za-otvorenu-upravu/>

- 2.3.10. The Republic of Serbia does not have a comprehensive strategy in the field of human resources and social development. **The Poverty Reduction Strategy for Serbia (PRS)** fulfilled its goal – to reduce the number of the poverty-stricken population by half in the period 2003-2008, when the PRS’ implementation was officially finalized. The strategy was assessed as “highly influential” and there is a recommendation to consider the development of a new PRS due to an increase in poverty as a consequence of the global economic crisis.⁷⁸ The argument is even more relevant in the context of EU accession, as a new regulation on European structural and investment funds⁷⁹ introduces “the existence and the implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in the light of the Employment guidelines” as an *ex ante* precondition for utilizing the European Social Fund.
- 2.3.11. **The National Millennium Development Goals**, deriving from the UN Millennium Declaration,⁸⁰ will expire in 2015. The Government reported regularly to the UN on the achievement of the goals by 2009.⁸¹ The identification of a new UN global development agenda post-2015 is under way, and the Republic of Serbia is one of the 56 countries where open consultations were maintained to define lines of action and methods to overcome new global challenges.⁸²
- 2.3.12. Based on the Enlargement Strategy of the European Union 2013-2014, the European Commission has launched a new process to identify and monitor priorities in the field of employment and social policy in the accession process – **the Employment and Social Reform Programme (ESRP)**. The ESRP implementation will be a strategic process, structured against the Europe 2020 Strategy, which is implemented by member states, and which will accompany the European integration process as a major mechanism for leading dialogue on the priorities of the Republic of Serbia in the field of social policy and employment in the EU accession process. The ESRP preparation process in the Republic of Serbia was officially launched in September 2013, and its adoption by the Government of the Republic of Serbia is due towards the end of 2014. The implementation process is open, and all national partners will be consulted and invited to take active part in its development to ensure its quality and credibility and the support of all stakeholders and social partners. The European Commission will be monitoring the implementation of the programme annually, through annual progress reports and thematic meetings and conferences. The Employment and Social Reform Programme will predominantly cover labour market and employment, human capital and skills and social inclusion and social protection, as well as pension and health care challenges. Special focus will be on youth employment due to significantly high unemployment rates among youth.⁸³ Extra resources will have to be invested in the programme’s implementation in addition to budget funds. Moreover, it

⁷⁸ *Ka strateškom okviru za savki sektor u periodu 2014-2020*, working document by the Secretariat General and the European Integration Office of the Government of the Republic of Serbia.

⁷⁹ REGULATION (EU) No 1303/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013, laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund, and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 10 83/2006, accessed at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:347:0320:0469:EN:PDF>, June 2, 2014.

⁸⁰ The National Millennium Development Goals envisage combating poverty, ensuring universal primary education, promoting gender equality, reducing child mortality, improving maternal health, combating serious diseases, protecting the environment and building global partnership relations for development. See: <http://www.un.org/millenniumgoals/>

⁸¹ See: *Izveštaj o napretku u realizaciji Milenijumskih ciljeva razvoja u Republici Srbiji*, Government of the Republic of Serbia, 2009, <http://www.inkluzija.gov.rs/wp-content/uploads/2010/04/Milenijumski-ciljevi.pdf>

⁸² A total of 28,000 persons took active part in consultations conducted in the Republic of Serbia: citizens; the private, public and civil sectors; politicians; media and government institutions. For more information see: <http://www.srbijakakvuzelim.rs/>

⁸³ According to the Labour Force Survey 2013, the unemployment rate of youth aged 15-24 totalled 49.4%.

will be necessary to ensure the mutual harmonisation of priorities and responses contained in this and other strategic documents of the Republic of Serbia and the European Union, such as the Country Strategy Paper, the Pre-accession Economic Programme and new documents under the good economic governance programme.

- 2.3.13. With regard to **sector strategies**, the strategic framework of the Republic of Serbia comprises 91 sector and 14 cross-sector strategies, 25 of which tackle human resources and social development.⁸⁴ The most relevant cross-sector strategies in the field of social inclusion are the Strategy for Prevention and Protection against Discrimination, the Strategy for Advancing the Status of the Roma in the Republic of Serbia, the National Strategy for Advancing the Position of Women and Gender Equality, the National Action Plan for Children and the Strategy for Advancing the Position of Persons with Disabilities.
- 2.3.14. When it comes to population, the **Birth Incentive Strategy**⁸⁵ from 2008 and the **National Ageing Strategy 2006-2015**⁸⁶ identify all relevant resources, outline measures and activities and adopt, set out and harmonise a multisectoral approach to their realization.
- 2.3.15. In view of regional development policy, the **Serbian Regional Development Strategy for the period 2007-2012**⁸⁷ provides, for the first time, a comprehensive and consistent definition of the fundamental development priorities for regional development in the Republic of Serbia and the methods to achieve them. The adoption of the National Regional Development Plan is expected in the coming period, along with the adoption of amendments to the Law on Regional Development.
- 2.3.16. In the field of agriculture and rural development, the legal framework which sets down the goals for this sector relies on the **Strategy of Agriculture and Rural Development of the Republic of Serbia 2014-2024**.⁸⁸
- 2.3.17. The strategic framework relating to employment policy is found in the **National Employment Strategy 2011-2020**. In the context of the guidelines and recommendations of the Europe 2020 Strategy for growth and development, with appreciation for the characteristics of the national labour market, the fundamental goal of the employment strategy has been defined as the need to establish an efficient, stable and sustainable trend of employment growth by 2020 and to fully harmonise employment policy and labour market institutions with the EU *acquis*. The fundamental instrument for the operationalization of the established strategic framework is the **national employment action plan**, which sets down the objectives and priorities of active employment policy, as well as the programmes and measures to be achieved annually.
- 2.3.18. **The Education Development Strategy in Serbia by 2020**⁸⁹, adopted in 2012, identifies the purpose, goals, lines of action, instruments and mechanisms for the development of the education system. The Strategy outlines the development trends in pre-university and university education, as well as adult education and teacher training. The goals of the strategic development of the education system are to increase the quality of processes and outcomes at all education levels, to increase coverage of the population by all education levels, to achieve and sustain the relevance of education and to increase its efficiency.

⁸⁴ Mirić O: (2014): Unapređenje sistema strateškog i operativnog planiranja u Republici Srbiji, Belgrade, European Movement in Serbia.

⁸⁵ Official Gazette of RS, No 13/08.

⁸⁶ Official Gazette of RS, No 76/06.

⁸⁷ Official Gazette of RS, No 21/07.

⁸⁸ Official Gazette of RS, No 85/14.

⁸⁹ Official Gazette of RS, No 107/12.

- 2.3.19. Strategic trends in the area of social protection are defined in the **Social Protection Development Strategy**⁹⁰, which was adopted in 2005 and has not been revised since. Some strategic goals are outlined also in the National Ageing Strategy 2006-2015, the Strategy for Advancing the Status of the Roma in the Republic of Serbia⁹¹ (2009-2015), the Strategy for Advancing the Position of Persons with Disabilities⁹² (2007-2015), the Strategy for Prevention and Protection against Discrimination⁹³ (2013-2018), the National Strategy for Preventing and Combating Violence against Women in Family and in Intimate Partner Relationships⁹⁴ (2011), the Birth Incentive Strategy⁹⁵ (2007), the Strategy against Human Trafficking in the Republic of Serbia⁹⁶ (2006) and the Strategy for Reintegration of Returnees under the Readmission Agreement⁹⁷ (2009).
- 2.3.20. In the field of public health, the Government adopted the **Strategy on HIV Infection and AIDS**⁹⁸ (2011), targeting the prevention and treatment of the virus and improving the quality of life of persons living with HIV.
- 2.3.21. Measures for tackling housing issues are envisaged in strategic documents referring to specific vulnerable groups, as well as the **National Social Housing Strategy**⁹⁹ (2011). **The National Strategy for Resolving the Issues of Refugees and Internally Displaced Persons 2011-2014**¹⁰⁰ (2011) envisages different housing solutions for these vulnerable groups. The housing issue is also covered by the **Strategy for Reintegration of Returnees under the Readmission Agreement** (2009). One of the priorities identified in the **Strategy for Advancing the Status of the Roma in the Republic of Serbia** (2009) is the improvement of their housing conditions; measures and actions towards this goal are included in the revised action plan for the implementation of the Strategy, which has been adopted for the period until January 1, 2015.
- 2.3.22. The Republic of Serbia has adopted the comprehensive **Strategy for Prevention and Protection against Discrimination** (2013). It also adopted the **National Strategy for Prevention and Protection of Children against Violence 2009-2015**¹⁰¹ (2008), which was followed by an action plan.
- 2.3.23. The Republic of Serbia adopted the **National Strategy for Preventing and Combating Violence against Women in Family and in Intimate Partner Relationships** (2011). The Government also adopted the General Protocol on Conduct and Cooperation of Institutions, Bodies and Organizations in Cases of Violence against Women in Family and in Intimate Partner Relationships (2011), including the four special protocols in the field of interior affairs, social protection, health and justice.
- 2.3.24. The Government adopted the **Broadband Development Strategy in the Republic of Serbia by 2020** with the respective action plan.¹⁰² The document, *inter alia*, underlines the relevance of broadband for achieving higher social inclusion of persons with disabilities, higher quality

⁹⁰ Official Gazette of RS, No 108/05.

⁹¹ Official Gazette of RS, No 27/09.

⁹² Official Gazette of RS, No 01/07.

⁹³ Official Gazette of RS, No 60/13.

⁹⁴ Official Gazette of RS, No 27/11.

⁹⁵ Official Gazette of RS, No 13/08.

⁹⁶ Official Gazette of RS, No 111/06.

⁹⁷ Official Gazette of RS, No 15/09.

⁹⁸ Official Gazette of RS, No 26/11.

⁹⁹ Official Gazette of RS, No 13/12.

¹⁰⁰ Official Gazette of RS, No 17/11.

¹⁰¹ Official Gazette of RS, No 122/08.

¹⁰² Broadband Development Strategy in the Republic of Serbia by 2020 (Official Gazette of RS, No 84/09).

education for all, better access to public administration services and healthcare services, and faster economic development of rural regions.¹⁰³

- 2.3.25. Six years following the adoption of the Action Plan for Accreditation of the Decentralized Implementation System (2008), **the Republic of Serbia has been granted accreditation for the autonomous utilization of IPA funds**, i.e. the decentralised management system.¹⁰⁴

INSTITUTIONAL FRAMEWORK IN THE REPUBLIC OF SERBIA

- 2.3.26. The Government, established in July 2014, comprises 19 ministers, including four deputy prime ministers, two of whom are ministers without portfolio. According to the keynote address of the Prime Minister, “the Government will attempt to implement the measures aiming to reduce poverty and vulnerability of individuals who are not able to provide for themselves the fundamental living conditions due to chronic illness, permanent disability and old age, and to protect the majority of the population against specific risks, such as unemployment, illness and death”.¹⁰⁵ According to the European Commission Progress Report for Serbia 2013, the Government actively implemented the European integration plan and indicated consensus in key political decisions.¹⁰⁶
- 2.3.27. The Government has established a **new institutional structure for the European integration process**, including the following bodies: the Coordination Body for the Accession of the Republic of Serbia to the European Union, the Council of the Coordination Body for the Accession of the Republic of Serbia to the European Union and the Negotiating Team for Leading Negotiations on the Accession of the Republic of Serbia to the EU. The Stabilization and Association Council between Serbia and the European Union held its first meeting in October 2013. The first Intergovernmental Conference between Serbia and the EU was held in Brussels in January 2014, and a number of analytical legislative screenings under specific chapters of the EU *acquis* has been held since September 2013. The establishment of the **decentralised system of management over European Union funds** continues. Units responsible for European integration as well as project management have been established in most ministries.
- 2.3.28. **Coordination between ministries and other Government bodies** in the implementation of the Annual Government Work Programme is entrusted to the Secretariat General of the Government; in the implementation of the National Programme for Integration of the Republic of Serbia with the European Union – to the European Integration Office; for public policy coordination to the Republic Secretariat for Public Policies; for protecting and advancing human and minority rights to the Office for Human and Minority Rights and for social inclusion and poverty reduction policies and the participation of the Republic of Serbia in the EU process of social inclusion to the Social Inclusion and Poverty Reduction Unit.
- 2.3.29. **The Secretariat General of the Government**¹⁰⁷ prepares instruments through which the Government oversees, steers and harmonises the work of ministries and specific organisations; oversees the execution of Government documents through which it stipulates obligations of the

¹⁰³ The Ministry in charge of telecommunications has in the meantime drafted the new Broadband Development Strategy and held a public debate thereof in the period November 22 – December 5, 2013. However, the Government has not adopted the new strategy by the middle of 2014.

¹⁰⁴ “Republic of Serbia has been granted accreditation for autonomous utilization of IPA funds”, accessed at the website of the Office for European Integration: <http://www.seio.gov.rs/> May 26, 2014.

¹⁰⁵ Keynote address of the Prime Minister http://www.srbija.gov.rs/extfile/sr/208700/ekspoze_aleksandar_vucic_cyr270414.doc

¹⁰⁶ EC Progress Report for Serbia 2013

http://www.seio.gov.rs/upload/documents/eu_dokumenta/godisnji_izvestaji_ek_o_napretku/izvestaji_ek_2013.pdf

¹⁰⁷ www.gs.gov.rs/lat/index.html

ministries and specific organisations; oversees the execution of Government obligations towards the National Assembly; ensures the participation of the Government and its representatives in the work of the National Assembly, as well as their cooperation with the President of the Republic, other bodies, organisations, states and international organisations; prepares materials for sessions of the Government and other Government bodies; prepares and oversees sessions of the Government and its working bodies and other sessions in the Government, etc.

- 2.3.30. **The European Integration Office**¹⁰⁸ conducts expert, administrative, operational and other tasks for the Government relating to coordination of the work of ministries, special organisations and Government services relevant to coordinating, monitoring and reporting on accession to the European Union. It is also responsible for the coordination of preparation and negotiation with the European Union and the work of bodies established for negotiations, the coordination of the implementation of the Stabilization and Association Agreement and the work of joint bodies established under this Agreement, the coordination of the preparation of strategic documents relating to accession to the European Union, etc.
- 2.3.31. **The Office for Cooperation with Civil Society** conducts expert tasks with the aim to involve civil society organizations in a systemic manner into a permanent dialogue with Government institutions, which should be founded on transparent and structured communication and a regular exchange of experiences, information and opinions.
- 2.3.32. **The Republic Secretariat for Public Policies** conducts expert tasks relating to, *inter alia*, ensuring the harmonisation of draft strategic documents on public policies as well as draft laws with adopted strategic documents that identify public policies, and in the process of their adoption, proposes initiatives for preparing related strategic documents.
- 2.3.33. **The Office for Human and Minority Rights**¹⁰⁹ conducts expert tasks for the needs of the Government and relevant ministries relating to protecting and advancing human and minority rights, monitors the harmonisation of national regulations with international treaties and other international legal instruments on human and minority rights, initiates amendments to national regulations, looks after general issues relating to the status of members of national minorities, monitors the status of members of national minorities living in the territory of the Republic of Serbia and the exercise of minority rights, etc.
- 2.3.34. **The Social Inclusion and Poverty Reduction Unit**¹¹⁰ provides support to the Deputy Prime Minister and the Republic Secretariat for Public Policies to coordinate, oversee and report on the activities of the Government in the field of social inclusion. The Unit is mandated with strengthening the capacities of the Government to develop and implement social inclusion policies based on European good practices and supports line ministries in defining and implementing social inclusion policies, with regular consultation with civil society organisations.
- 2.3.35. **The Statistical Office of the Republic of Serbia**¹¹¹ is an expert organisation in the public administration system of the Republic of Serbia which conducts expert tasks relating to the adoption of programmes, organisation and implementation of statistical surveys and/or preparation of methodology; collecting, processing, analysing and publishing statistical data; preparation and adoption of statistical standards, etc. The Statistical Office of the Republic of Serbia conducted the Survey on Income and Living Conditions (SILC) for the first time in 2013,

¹⁰⁸ www.seio.gov.rs

¹⁰⁹ www.ljudskaprava.gov.rs

¹¹⁰ www.socijalnoukljucivanje.gov.rs

¹¹¹ <http://webzrs.stat.gov.rs/WebSite/>

with help of EU pre-accession funds. According to the findings, the at-poverty risk rate in 2012 totalled 24.6%.¹¹²

- 2.3.36. The Government established the **Inter-sector Working Group for the Preparation of the Employment and Social Reform Programme**¹¹³ (ESRP), tasked to monitor ESRP status, submit proposals and draft the ESRP document in order to harmonise strategic goals in employment and social policy with the strategic goals of the EU in these fields, and within the EU accession negotiations process.
- 2.3.37. The Government established the Council for Advancing the Status of the Roma and the Implementation of the Roma Inclusion Decade in May 2013. The Youth Council was constituted at the beginning of 2014.
- 2.3.38. The **Council for the Rights of the Child** was constituted in March 2014, and the **Gender Equality Council of the Government of the Republic of Serbia** was constituted in May 2014.¹¹⁴
- 2.3.39. **The National Assembly** conducts its activities in the field of social inclusion through its respective committees – the Committee for Human and Minority Rights and Gender Equality; the Committee for Education, Science, Technical Development and Information Society, the Committee for the Rights of the Child and the Committee for Labour, Social Issues, Social Inclusion and Poverty Reduction.
- 2.3.40. The European Commission has confirmed that steps have been undertaken to eliminate logistical barriers affecting the **work of independent regulatory bodies**.¹¹⁵ The Ombudsman at the republic and local levels and the Provincial Ombudsman are active, and there is an increase in the number of citizen appeals. The Commissioner for the Protection of Equality has received a large volume of citizen appeals and continued raising awareness of discrimination and the existing mechanisms for the protection against discrimination. The Commissioner for Information of Public Importance and Personal Data Protection continues to implement the activities in relation to public authorities, including the cooperation with the media and civil society.
- 2.3.41. Bodies have been established and/or servants employed to tackle gender equality issues and conduct tasks to enable equal opportunities in more than 50 municipalities, in line with the **Law on Gender Equality**.¹¹⁶ Moreover, national minority councils have been established as the leading bodies in the efforts to safeguard collective minority rights and preserve the cultural identity of national minorities. The elections of national councils of national minorities are scheduled for October 26, 2014, in harmony with the amended legal framework as of July 2014.

CONCLUSIONS

- 2.3.42. A main challenge in the forthcoming period will be the implementation and coordination of different strategic documents, since different strategic plans have been realised to varying degrees, while the timeframe for the implementation of some documents has expired. In the course of redefining strategic documents in the forthcoming period, it is necessary to set realistic targets, prepare a framework for monitoring strategic documents (identify indicators and

¹¹² <http://www.silk.stat.rs/index.aspx>

¹¹³ Decision on the Establishment of the Intersector Working Group for the Preparation of the Employment and Social Reform Programme, Government, December 2013.

¹¹⁴ Decision on the Establishment of the Gender Equality Council, Official Gazette of RS, No 35/13 as of April 12, 2013.

¹¹⁵ EC Progress Report for Serbia 2013

http://www.seio.gov.rs/upload/documents/eu_dokumenta/godisnji_izvestaji_ek_o_napretku/izvestaj_ek_2013.pdf

¹¹⁶ Official Gazette of RS, No. 104/09.

objectives to be monitored), provide the means for implementing the foreseen measures, identify the main implementing parties responsible and monitor and report regularly on their implementation. The establishment of the **Republic Secretariat for Public Policies** represents a step forward in this regard, and support for its capacity building will be needed in the coming period.

- 2.3.43. When it comes to defining policies relating to the social inclusion of vulnerable social groups, it is vital to establish **intersectoral cooperation** and coordinated joint action, particularly among the public, civil and private sectors, both at the national and local levels, and in particular in the context of ESRP preparation and implementation. It will be particularly challenging to provide support to specific vulnerable groups¹¹⁷ and improve the coordination of relevant policies at the central and local levels. Furthermore, in line with the assessment of the European Commission¹¹⁸, it is necessary to continue **participating in the Open Method of Coordination in the field of social protection and social inclusion** and launch the participation of the Republic of Serbia in the programmes and bodies of the European Union where Serbia is eligible to take part as a candidate country.
- 2.3.44. In terms of **decentralisation**, the European Commission has noted that competencies have been delegated to local self-government units in fields such as construction permits, public utilities, culture, education, healthcare, social protection and child care, environmental protection and agricultural land. However, a complete overview and list of functions delegated to municipalities remains to be established. The delegation of competencies has been conducted without ensuring sufficient capacities and resources at the local level, partly due to the effects of the economic crisis on public finances, which consequently reduced the revenues of municipalities.¹¹⁹
- 2.3.45. Funds from the national budget for projects relevant to the social inclusion process are approved by several public institutions. The European Commission noted in the Progress Report for Serbia 2013 that, due to underdeveloped mechanisms for implementing regulations and control, the overall **sustainability of the pension fund and the health insurance fund** is still at risk.
- 2.3.46. For the more efficient and successful utilisation of available EU funds, additional efforts will be needed to build the necessary structures. The European Commission noted that it is necessary to ensure adequate implementation capacities under the decentralised management of EU funds to improve programming – in particular regarding the preparation of quality projects based on relevant strategies – and that there has been no progress in preparations for the European Social Fund.¹²⁰ In order to successfully prepare the Republic of Serbia **for using European funds intended for social inclusion and poverty reduction** (such as the European Social Fund), the primary challenge in the forthcoming period will be to set up the proper intersectoral structures for efficient and transparent support to the implementation of adequate measures at the national and local levels. Based on the recommendation of the First National Report on Social Inclusion and Poverty Reduction in the Republic of Serbia¹²¹ **on the establishment of the Fund for Social Inclusion**, the Study on Options for the Establishment of the Social Inclusion Fund in the

¹¹⁷ “Additional efforts are necessary to ensure social inclusion of vulnerable groups, such as Roma, disabled persons, young people, elderly persons and other socially and economically disadvantaged”, Analytical Report accompanying the document Communication from the Commission to the European Parliament and the Council, Commission Opinion on Serbia’s application for membership in the European Union, accessed at the website of the European Integration Office:
http://www.seio.gov.rs/upload/documents/eu_dokumenta/misljenje_kandidatura/sr_analytical_rapport_2011_en.pdf.

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ EC Progress Report for Serbia 2013

http://www.seio.gov.rs/upload/documents/eu_dokumenta/godisnji_izvestaji_ek_o_napretku/izvestaj_ek_2013.pdf

¹²¹ Government Conclusion 05 No: 021-1697/2011 as of March 17, 2011.

Republic of Serbia has been prepared¹²², which would support programmes for the social inclusion of vulnerable groups and enable a more efficient and successful utilisation of available EU and budget funds earmarked for social inclusion, by pooling a number of existing budget funds.

LINES OF ACTION

- 2.3.47. It is necessary to establish systemic mechanisms for planning, coordinating implementation, monitoring and evaluating public policies at the Government level. In that regard, the role of the Republic Secretariat for Public Policies will be particularly significant, as it is in charge of coordinating the adoption and implementation of public policies at the republic level. Moreover, technical assistance of the European Union, which has been awarded to the Secretariat General of the Government under the Instrument for Pre-accession Assistance (the beneficiary of which is currently the Republic Secretariat for Public Policies) in order to reform policy coordination on the central level, should be used effectively to establish an efficient system of coordination, particularly for preparing strategic instruments and monitoring their implementation. In addition, further efforts need to be invested in ensuring adequate working conditions for the independent bodies, and the implementation of their recommendations and monitoring.
- 2.3.48. It is vital **to develop the institutional framework further and improve coordination of the social inclusion process**. In this regard, it is important to establish an efficient and functional mechanism for preparing, implementing and overseeing the ESRP implementation, and to ensure continuity in the work of the ESRP Preparation Intersector Working Group. Furthermore, it is necessary to ensure mutual harmonisation of the priorities contained in this and other strategic documents of the Republic of Serbia and the European Union.¹²³
- 2.3.49. It is necessary to **ensure the sustainability of the coordination function of the Social Inclusion and Poverty Reduction Unit**, in order to contribute to increasing the efficiency and effectiveness of bodies that already include certain functions relevant for the social inclusion process within their respective domains. To the same end, there is also a need to promote the coordination and integration of bodies addressing similar matters, to promote higher cost-effectiveness of administrative affairs in the current context of public expenditure cutbacks.
- 2.3.50. The Delegation of the European Union in the Republic of Serbia has assessed that “the idea of establishing **the Social Inclusion Fund**, which is strongly promoted by the Social Inclusion and Poverty Reduction Unit, deserves due attention in the coming period”.¹²⁴ It is necessary to continue with introducing this initiative, considering the expected high pressure on the structures in charge of decentralised management of EU funds in the coming period and, consequently, a large number of contracts within social inclusion projects which are to be concluded and implemented efficiently.¹²⁵

¹²² Study on Options for the Establishment of the Social Inclusion Fund in the Republic of Serbia, Social Inclusion and Poverty Reduction Unit, April 2014, see: <http://socijalnoukljucivanje.gov.rs/en/initiative-for-the-establishment-of-the-social-inclusion-fund/>

¹²³ Such as the IPA Country Strategy Paper, the Pre-accession Economic Programme and new documents within the process of good economic governance.

¹²⁴ See evaluation of development aid granted to the Republic of Serbia within the human resources development sector in the period 2007-2011 (2013): Technical Assistance for Evaluation of Sector of Human Resources Development (HRD) Implemented and Financed by IPA Programme, EU Programmes and other Donors in the Republic of Serbia.

¹²⁵ Similar initiatives have also been launched by civil society organisations. For example, the Association for Development of Children and Youth - Open Club from Niš organized the public debate entitled “Perspectives of Sustainability of Financing Support for Children and Vulnerable Groups of Beneficiaries of Social Protection Services” in the National Assembly in March 2014, within the programme “Civil Society for the Future”. It was said at the event that the implementation of the idea of establishing a unique social inclusion fund, which would pool budget, donor and EU funds, would facilitate a more effective

- 2.3.51. Furthermore, **cooperation between the Statistical Office of the Republic of Serbia and Government bodies** should be additionally improved, and the capacities of these bodies should be built to make decisions based on the available data. Efforts should also be made to enhance the quality and availability of administrative data that are collected by other relevant institutions.
- 2.3.52. With respect of public administration reform, it is necessary to implement the recommendations of the **Pre-accession Economic Programme for 2014**¹²⁶, in particular, improve the system of strategic planning and policy coordination and better link them with programme-based budgeting, strengthen coordination between the central and local level of public administration and promote a higher quality of policies and regulations as a result of such coordination. For local government competences, the priority in the forthcoming period will be to fully assume the already transferred powers and to establish partnerships at the local level, including intersectoral and inter-municipal cooperation. To this end, it is vital to further harmonise the policy of funding local governments, develop information systems (which entails the collection and exchange of information), strengthen their capacities, ensure a more thorough involvement in the reforms related to the process of social inclusion and poverty reduction and the like.
- 2.3.53. In terms of **participation in the Open Method of Coordination in the field of social inclusion and social protection**, it is necessary that the Republic of Serbia continue participating in peer reviews and access the programmes and bodies that constitute the OMC – most importantly, the new Employment and Social Innovation Programme and the Social Protection Committee of the European Commission.
- 2.3.54. It is necessary to **establish a comprehensive information system** (in the field of social protection) to link the existing databases horizontally and vertically, and to enable a faster exchange of information among public administration institutions. Functional linking of existing databases shall contribute to a more efficient assessment of the status and needs of beneficiaries, improve the effectiveness of social benefits and relieve the administrative burden on the beneficiaries and public authorities, which would also help decrease the costs of maintaining a large number of separate information systems.
- 2.3.55. The adoption of the new action plan for the implementation of the **Open Government Partnership** initiative should be more ambitious in respect of the planned activities, by covering the following topics: regulation of the obligation to conduct public debates; active measures for involving citizens, in particular minority and vulnerable groups, in public debates; the adoption of a law on access to information held by public institutions; the development of a national plan for publishing sets of data and establishment of a central repository for accessing the data in open formats; stimulation of entrepreneurs to develop applications which are based on the open sets of data etc.
- 2.3.56. Institutions in charge of telecommunications should undertake the development of **a national broadband map**, in line with the EU good practices, which would indicate the regions lacking access infrastructure or having outdated or inadequate infrastructure, the level of competition in each settlement, the offer of operators in regions with infrastructure etc. A long-term programme of state support to the development of broadband in the Republic of Serbia can be developed based on such a publicly accessible geographic information system.

distribution of existing resources and more effective results for the most vulnerable populations. For more information visit the website of the Association for Development of Children and Youth - Open Club: <http://www.oknis.org.rs/2014/03/javna-debata-perspektive-odrzivosti-finansiranja-podrske-deci-i-ranjivim-grupama-korisnicima-usluga-socijalne-zastite/>

¹²⁶ Pre-accession Economic Programme for 2014, Government of the Republic of Serbia.

3. Measuring and Reporting on the Status of Social Inclusion

3.1. *Measuring and Reporting on the Status of Social Inclusion in the European Union*

- 3.1.1. At the EU level, the basic data on living conditions and social protection are gathered from a number of primary sources: Survey on Income and Living Conditions (SILC), European System of Integrated Social Protection Statistics (ESSPROS), Household Budget Survey (HBS), Labour Force Survey (LFS). For the purpose of reporting on certain indicators, as well as country-specific indicators, other surveys and a range of administrative data sources are also used.
- 3.1.2. **At the EU level, indicators are developed and improved on an ongoing basis** by the Indicators Sub-group of the Social Protection Committee.¹²⁷ The Sub-group's priorities in 2014 include monitoring progress in reaching the Europe 2020 Strategy targets in the sphere of poverty reduction and social inclusion and monitoring the development of the social dimension of the economic and monetary union.¹²⁸ As one of its five goals, the Europe 2020 Strategy seeks to reduce the number of people *at risk of poverty or social exclusion*. The adoption of this indicator implies a partial turnaround in the interpretation of risks that significantly affect the quality of life, given that reducing the at-risk-of-poverty rate had originally been the European Union's primary goal. The strategy foresees reducing the number of people at risk of poverty or social exclusion in the European Union by 20 million; this target is also translated into national targets.¹²⁹

3.2. *Measuring and Reporting on the Status of Social Inclusion in the Republic of Serbia*

- 3.2.1. For the first time, the Republic of Serbia is using the Survey on Income and Living Conditions (SILC) as a basis for its reporting, which constitutes a significant improvement in living standard statistics and facilitates full data comparability between the Republic of Serbia and European Union Member States, which have carried out this survey regularly since 2004. To provide a thorough understanding of the status of the most vulnerable populations, the Household Budget Survey (HBS) and Labour Force Survey (LFS) are also used, as well as data from vital statistics and educational statistics, collected by the Statistical Office of the Republic of Serbia and the Ministry of Education; health statistics, collected by the Dr Milan Jovanović Batut Institute for Public Health of Serbia; administrative data, by the Ministry of Labour, Employment, Veteran and Social Affairs, etc.
- 3.2.2. Relative poverty indicators for 2012 as the reference income year¹³⁰, obtained on the basis of the Survey on Income and Living Conditions, are not comparable with the relevant indicators for the

¹²⁷ Social Protection Committee Indicators Sub-group, 2014 ISG Work Programme,

<http://ec.europa.eu/social/main.jsp?catId=830&langId=en>

¹²⁸ In 2014, the thematic fields to be further improved in the Sub-group's work include assessing the performance of social policies (through assessment of their significance in protection and consumption stabilisation during the crisis, i.e. assessment of further possibilities for improving the measurement of social protection effectiveness and efficiency), improving the measurement of material deprivation and pension adequacy and monitoring the status of children (in particular children, in the most vulnerable situations, early childhood education and child deprivation). The focus will be on developing indicators in the field of active inclusion (adequacy of income support measures, assistance to the European Commission in developing reference budgets and measuring coverage of the vulnerable population by social protection), housing deprivation and homelessness.

¹²⁹ http://ec.europa.eu/europe2020/pdf/targets_en.pdf

¹³⁰ The Survey on Income and Living Conditions was first carried out in the territory of the Republic of Serbia in mid-2013; however, owing to the design of the questions, the data collected on most income components pertained to amounts that households had at their disposal in 2012.

period 2006-2010 obtained on the basis of the Household Budget Survey, owing to different data sources, although the same relative poverty measurement methodology (the manner of calculating the poverty line, equivalent adults and income) was used. However, certain rough comparisons may be drawn, as shown below.

- 3.2.3. Living conditions indicators for vulnerable social groups (the Roma, persons with disabilities, refugees and internally displaced persons, etc.) are still missing due to their methodological limitations, as the abovementioned surveys do not allow for conclusions with sufficient reliability. European statistics also face the same limitation, and surveys designed specifically for this purpose are used instead.¹³¹
- 3.2.4. The Statistical Office of the Republic of Serbia will continuously report on relative poverty indicators on the basis of the SILC data. However, it should be highlighted that the Statistical Office of the Republic of Serbia has not reported on the absolute poverty situation in the country since 2010. In response to the absence of official data, the Social Inclusion and Poverty Reduction Unit conducted independent research into absolute poverty based on the HBS data for the period 2011-2013, in order to monitor the profile of the country's most disadvantaged population.
- 3.2.5. The Statistical Office of the Republic of Serbia conducted a Population Census in 2011 and a Census of Agriculture in 2012.

Vulnerable¹³² Population Groups in the European Union and in the Republic of Serbia

- 3.2.6. The **World Bank** defines a vulnerable group as “a population that has some specific characteristics that make it at higher risk of falling into poverty than others”.¹³³ Groups may be defined broadly, for instance, the rural poor, or very specifically, such as children without parental care, internally displaced persons, ethnic minorities and the like.¹³⁴
- 3.2.7. **The European Union** has identified certain vulnerable groups in the European Union: youth, migrants, low-skilled workers, poor workers, the homeless, the Roma, persons with disabilities.¹³⁵ Recommendations from the European Commission's Serbia 2013 Progress Report¹³⁶ pertain to the following vulnerable groups: women, children, persons with disabilities, the Roma, refugees and internally displaced persons, and lesbian, gay, bisexual, transgender and intersex persons.
- 3.2.8. Under the **Poverty Reduction Strategy Paper for Serbia, the Government of the Republic of Serbia** first identified vulnerable population groups in the Republic of Serbia in 2003: persons with disabilities, children, youth, women, the elderly (65+), the Roma, the uneducated, the unemployed, refugees and internally displaced persons and the rural population.
- 3.2.9. The **Anti-discrimination Strategy** from 2013 recognises that some individuals and groups are more susceptible to discrimination and discriminatory treatment, such as members of national minorities; women; lesbian, gay, bisexual, transgender and intersex persons; persons with

¹³¹ An example of such survey is the fifth national Multiple Indicator Cluster Survey in Serbia, conducted by the United Nations Children's Fund and the Statistical Office of the Republic of Serbia.

¹³² The term “vulnerable groups” was first defined in the Poverty Reduction Strategy Paper for Serbia in 2003. Other terms – marginalised, socially excluded groups – are used as synonyms in relation to other national and EU strategic documents.

¹³³

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALPROTECTION/EXTSF/0,,contentMDK:20663797~menuPK:6344572~pagePK:148956~piPK:216618~theSitePK:396378,00.html>

¹³⁴ A Guide to the Analysis of Risk, Vulnerability and Vulnerable Groups, World Bank, 2005 by J. Hoogeveen, E. Tesliuc, R. Vakis with S. Dercon.

¹³⁵ The European Platform against Poverty and Social Exclusion: A European framework for social and territorial cohesion, 2010.

¹³⁶ http://www.seio.gov.rs/upload/documents/eu_dokumenta/godisnji_izvestaji_ek_o_napretku/izvestaji_ek_2013.pdf

disabilities; the elderly; children; refugees, internally displaced persons and other vulnerable migrant groups; members of specific religious communities and persons whose health status may give rise to discrimination.

- 3.2.10. In addition, administrative data on other groups are available within specific sectors that predominantly deal with them. For instance, the **National Employment Strategy 2011-2020** identifies the following vulnerable groups in the labour market in the Republic of Serbia: the Roma, refugees and internally displaced persons, persons with disabilities, the rural population (in particular, those who do not own land and those who live in in south-east Serbia), persons without qualifications, women, youth (aged 15-24) and the elderly (aged 50-64), as well as the long-term unemployed, single parents, financial social assistance beneficiaries, children without parental care, victims of human trafficking, etc.
- 3.2.11. The Population Census conducted in the Republic of Serbia in 2011 facilitates more detailed monitoring of specific vulnerable population groups, while country-specific indicators available from the Survey on Income and Living Conditions will enhance the monitoring of vulnerable groups. However, owing to their specific features, certain vulnerable groups cannot be covered by these instruments with sufficient accuracy; hence, in the interest of their systematic monitoring, improving administrative databases and conducting targeted surveys are proposed.

3.3. Financial Poverty and Deprivation of Basic Needs

Trends and Characteristics of Relative Poverty

- 3.3.1. According to SILC¹³⁷ data, the at-risk-of-poverty rate (the proportion of individuals within the total population whose income per equivalent adult was below 60% median equivalised income¹³⁸) stood at 24.6% in 2012 (Table 3.3.1.). Compared to the 28 European Union Member States, the Republic of Serbia had the highest at-risk-of-poverty rate. This value was considerably above the average at-risk-of-poverty rate for the 28 European Union Member States (16.9%) as well as the 12 new Member States excluding Croatia (17.3%), and also exceeded the highest rates for individual countries – Greece and Romania (23%) and Spain (22%).

Table 3.3.1. At-risk-of-poverty rate and at-risk-of-poverty threshold in the Republic of Serbia in 2012

% of median income by equivalent adult	At-risk-of-poverty rate	At-risk-of-poverty threshold, per month					
		One adult			Two adults, two children up to the age of 14		
	%	RSD	EUR	PPS	RSD	EUR	PPS
60%	24.6	13,680	121	227	28,728	254	476
40%	13.4	9,120	81	151	19,152	169	317
50%	18.6	11,400	101	189	23,940	212	397
70%	30.5	15,960	141	264	33,516	296	555

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

Note: Household income does not include in-kind income.

¹³⁷ The reference income period was 2012.

¹³⁸ Household income did not include in-kind income.

- 3.3.2. In 2012, the **at-risk-of-poverty threshold** or relative poverty line, calculated as 60% of the median equivalised income, amounted to an average RSD 13,680 per month for a single-member household, and RSD 28,728 for a four-member household with two adults and two children up to the age of 14. Expressed in purchasing power standard (PPS)¹³⁹, the at-risk-of-poverty threshold for a single-member household amounts to 227 monthly, or 2,720 annually. The at-risk-of-poverty threshold in the Republic of Serbia is lower than that in all European Union Member States except Romania.¹⁴⁰ Table 3.3.1. shows alternative poverty lines and the sensitivity of the at-risk-of-poverty rate to the delineation of the poverty line. Whether the poverty line increases or decreases, the rate of change of the at-risk-of-poverty rate is higher than the rate of change of the poverty line, pointing to a considerable concentration of population around the poverty line. Raising the poverty line by 16.7% (from 60% to 70% of the median equivalised income) would increase the at-risk-of-poverty rate by 24% (from 24.6% to as high as 30.5%), while lowering the poverty line by 16.7% (from 60% to 50% of the median equivalised income) would decrease the at-risk-of-poverty rate by 24.4% (from 24.6% to 18.6%). As a result of different income distributions around the poverty line, data on 28 European Union Member States indicate a considerably higher population concentration around the poverty line than in the Republic of Serbia, given that in 2009 lowering the poverty line by 16.7% would increase the at-risk-of-poverty rate by 39.1% (from 17% to 10.3%), while raising the poverty line by 16.7% would increase the at-risk-of-poverty rate by 45% (from 17% to 24.5%). For the at-risk-of-poverty rates and the at-risk-of-poverty threshold in the Republic of Serbia (if the arithmetic mean is used instead of the median for setting the threshold), see Table 1 - At-risk-of-poverty rate and at-risk-of-poverty threshold (% of income arithmetic mean) in the Republic of Serbia, 2012 Annex 1.
- 3.3.3. The relative poverty concept is not the most suitable approach to monitoring the at-risk-of-poverty rate over time, since changes in this indicator may result from a rise or decline of the poverty line (as a result of changes in income distribution), rather than of changes in the income of individuals who were at risk of poverty. If the at-risk-of-poverty threshold (poverty line) and the at-risk-of-poverty rate develop in the same direction (upward or downward), a valid conclusion on the development of the at-risk-of-poverty rate cannot be drawn.¹⁴¹ However, if these two indicators move in opposite directions, then it can be concluded with certainty that the change in the at-risk-of-poverty rate is a result of a change in individuals' income, rather than of a change in the poverty line. For instance, if the at-risk-of-poverty threshold rises and the at-risk-of-poverty rate declines, then the rise in the population's income would lift them out of the risk of poverty. Likewise, if the at-risk-of-poverty threshold declines – as was the case in many of the 28 European Union Member States as a result of the crisis – and the at-risk-of-poverty rate grows, then a decline in the population's income below the poverty line contributes to placing many people at risk of poverty.¹⁴²

¹³⁹ PPS based on the 2012 HFCE (household final consumption expenditure) converter.

¹⁴⁰ The at-risk-of-poverty threshold for the European Union Member States is calculated and presented at the annual level and ranges from EUR 19,668 (15,996 PPS) in Luxembourg to EUR 1,270 (2,161 PPS) in Romania.

¹⁴¹ To avoid possible misinterpretation of the development of this rate, Eurostat calculates the at-risk-of-poverty rate anchored at a fixed moment in time (currently, 2008). The particular analytical value of this indicator is reflected in the possibility of monitoring the development of the at-risk-of-poverty rate over time relative to a certain fixed value of the poverty line (adjusted only for price growth). The Republic of Serbia does not have the data to calculate this indicator, as it requires the at-risk-of-poverty threshold for 2008 based on SILC data. To calculate the persistent at-risk-of-poverty rate, we must await panel data from the SILC, which will be available in a few years, since this indicator measures the percentage of the population at risk of poverty for at least two out of three years. Comparisons between the general at-risk-of-poverty rate and the persistent at-risk-of-poverty rate reveal the proportion of the poor population which is persistently at risk of poverty, and thus also at risk of social exclusion, and the proportion whose income fluctuates around the poverty line.

¹⁴² For instance, in Greece, the at-risk-of-poverty threshold declined by 13.4% in 2012 compared to 2011, and the at-risk-of-poverty rate grew by 1.4 percentage points. See:

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/People_at_risk_of_poverty_or_social_exclusion

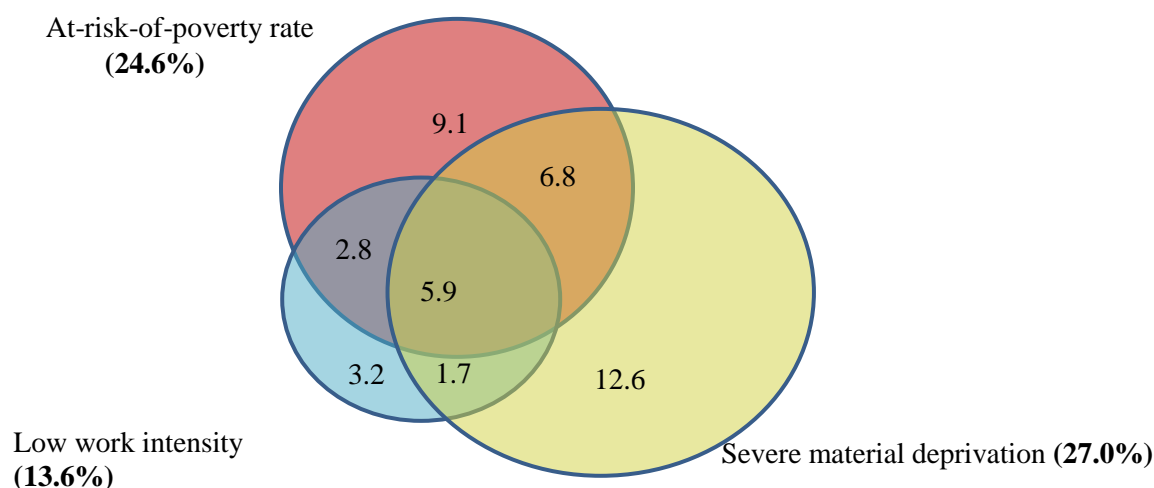
3.3.4. To roughly assess the at-risk-of-poverty rate in recent years, the 2012 SILC data may be compared to the 2010 HBS data (see: Table 2 - Relative poverty indicators for the Republic of Serbia, 2006-2010, Annex 1). It should be noted here that the HBS is appropriate for calculating household consumption rather than income; as a result, household income as the main aggregate for living standard measurement may be underestimated, which will also lead to an underestimation of the at-risk-of-poverty threshold. However, if the 2010 at-risk-of-poverty threshold (possibly underestimated) from the HBS is adjusted for consumer price growth in the period 2010-2012, the 2012 at-risk-of-poverty threshold would amount to RSD 14,670, implying an at-risk-of-poverty rate higher than 24.6%, which is the value based on the at-risk-of-poverty threshold of RSD 13,680, obtained from the SILC. These rough calculations show that the at-risk-of-poverty rate grew in the Republic of Serbia in 2012 relative to 2010, based on the unchanged real value of the 2010 at-risk-of-poverty threshold obtained from the HBS.¹⁴³

Risk of Poverty or Social Exclusion

3.3.5. The headline indicator for monitoring implementation of the Europe 2020 Strategy in the sphere of social inclusion and poverty reduction was formulated in 2010 with the aim of statistically measuring the intangible aspects of poverty and exclusion from the labour market, in order to better assess the multidimensional aspect of poverty and social exclusion. This indicator, “people at risk of poverty or social exclusion”, shows the proportion of the population which is:

1. at risk of poverty after social transfers (people whose equivalised income is below 60% of the median equivalised income) and/or
2. severely materially deprived (people who, owing to a lack of financial means, cannot afford at least four of the following nine items: 1) adequate heating of a dwelling; 2) a one-week annual holiday; 3) a meal with meat or fish every second day; 4) facing unexpected expenses; 5) arrears on mortgage or rent, utility bills, purchase instalments or other loan payments; 6) a telephone; 7) a colour television set; 8) a washing machine; 9 a car) and/or
3. living in households with zero or very low work intensity (adults working fewer than 20% of the total number of months in which they could have worked during the reference period).

Chart 3.3.5. At-risk-of-poverty-or-social-exclusion rate in the Republic of Serbia in 2012, %



Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

¹⁴³ This simple calculation does not take into account the income distribution effect, which may differ in these two surveys, or methodological differences.

- 3.3.6. As this headline indicator represents a union of three different risk factors, different “risk combinations” may be calculated as well. The population exposed to all three risk factors (the intersection of the three sets) is considered the most severely disadvantaged.
- 3.3.7. According to the SILC, 42.1% of the population of the Republic of Serbia (3.02 million people) are at risk of poverty or social exclusion. This is considerably above the average for the 28 European Union Member States (24.8%) as well as the average for the 12 new Member States excluding Croatia (30.7%). This value is also higher than in any Member State aside from Bulgaria and Romania.¹⁴⁴
- 3.3.8. Broken down by risk factors, a total of 24.6% of the population of the Republic of Serbia (1.76 million people) are at risk of poverty, 27% (1.92 million people) are severely materially deprived and 13.6% (972,000 people) live in households with low work intensity. Almost two-thirds of the population, which is exposed to the risk of poverty or social exclusion, face a combination of two or three risk factors, i.e. at the intersection of two or three sets (1.95 million people). The intersection is the greatest in the low work intensity set (over three-quarters), as work and work intensity of household members are the principal prerequisites for higher income and better living standards. Only 3.2% of the population live in households with low work intensity without being at risk of poverty or severely materially deprived.
- 3.3.9. Approximately 8.7% of the population (302,000 people) are at risk of poverty and live in households with very low work intensity. These are people living in households whose members do not work, or work very little, and which have relatively low income. A somewhat higher proportion of the population (12.7% or 463,000 people) is at risk of poverty and severely materially deprived. These are people with relatively low income, which also affects their low living standard. The lowest proportion of the population (7.6% or 267,000 people) is severely materially deprived and lives in households with low work intensity, while 5.9% (208,500 people) are exposed to all three risk factors. The data are presented for the overall population and broken down by its characteristics.

Table 3.3.9. The proportion of the population at specific intersections of components of the headline indicator “at-risk-of-poverty-or-social-exclusion rate” by characteristic in the Republic of Serbia in 2012, %

	Intersection of the population at risk of poverty and the population living in households with very low work intensity	Intersection of the population at risk of poverty and the severely materially deprived population	Intersection of the severely materially deprived population and the population living in households with very low work intensity	Intersection of the three sets	Union of the three sets
Total	8.7	12.7	7.6	5.9	42.1
Age					
Children (<18)	13.2	15.5	10.5	9.3	43.5
18-64 years of age	9.9	12.5	8.8	6.6	43.4
65+	-	10.7	-	-	35.8
Sex					
Male	9.0	12.7	7.8	6.1	42.0

¹⁴⁴ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_peps01&lang=en

Female	8.5	12.6	7.3	5.7	42.1
Household type					
Single-member households	6.5	17.2	7.0	4.6	49.8
One adult with dependent children	26.3	28.0	25.9	22.5	61.5
Male	3.0	15.5	4.6	2.2	50.8
Female	12.4	20.1	11.1	8.6	48.1
Two or more adults, no dependent children	6.4	10.6	6.4	4.2	41.5
Two or more adults with dependent children	9.8	12.7	7.6	6.4	40.4
Households without dependent children	6.4	11.8	6.5	4.3	43.0
Households with dependent children	10.5	13.3	8.4	7.1	41.3
Income quintiles					
I	40.0	53.1	27.3	27.3	100.0
II	4.0	10.6	7.4	2.4	56.2
III	-	-	2.7	-	29.0
IV	-	-	0.4	-	18.0
V	-	-	0.2	-	7.8
Most frequent activity status (18+)					
In dependent employment	0.1	2.8	0.2	0.1	21.7
Self-employed	0.9	13.1	0.5	7.8	46.3
Unemployed	32.1	29.4	27.9	9.4	72.7
Pensioners	1.7	7.7	2.4	4.5	36.5
Other inactive	11.0	16.9	9.0	6.6	51.6

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

3.3.10. Population characteristics give rise to the following conclusions:

- Children were at risk of poverty or social exclusion as much as the working-age population. However, children were the most exposed to multiple risk factors, since, compared to other age groups, they were over-represented in intersections of the components of the at-risk-of-poverty-or-social-exclusion indicator; the highest proportion of children was exposed to the combination of risk of poverty and material deprivation.
- While men and women were equally at risk of poverty or social exclusion, a slightly higher proportion of men than women were exposed to multiple risk factors and a higher proportion of women than men were exposed to individual risk factors.
- Adults with dependent children were at the most risk of poverty or social exclusion, as well as of multiple risk factors, in particular the combination of all three risks. As many as 22.5% of people living in these households were exposed to the combination of all three risks; this is considerably above the average for the overall population (5.9%). Among single-member households, men were at a higher risk of poverty or social exclusion, but women were at considerably higher risk resulting from a combination of risk factors.

- All people in the first quintile of income distribution were at risk of poverty or social exclusion; they were also the most exposed to combinations of risk factors, which was to be expected, in particular the combination of the risk of poverty and material deprivation (53.1%).
- The unemployed are the most exposed to risk of poverty or social exclusion, as expected, including to combinations of risks. Almost every third unemployed person is at risk of poverty and lives in a low work intensity household.

Financial Poverty

3.3.11. **Children** (up to 18 years of age) are at the highest risk of poverty after social transfers (30%) compared to other age groups, which is primarily attributable to the composition of the households in which they live and the activity status of their parents, which, in turn, is related to their educational attainment levels. Many studies show that children raised in poverty and social exclusion have lower chances of catching up with children of more affluent parents either in terms of educational attainment levels or, later in life, in terms of earnings levels, and that these differences increase over time.¹⁴⁵ Although the 2012 at-risk-of-poverty rate of children in the Republic of Serbia was considerably higher than in the 28 European Union Member States (30% compared to 20.8%), it should be highlighted that the relative status of children compared to the average for the overall Serbian population is approximately the same as in the 28 European Union Member States.¹⁴⁶

Table 3.3.11. At-risk-of-poverty rate by sex and age in the Republic of Serbia in 2012¹⁴⁷

Age group	% of the population
Total population	
Total	24.6
Male	24.9
Female	24.3
0-17	
Total	30.0
Male	30.4
Female	29.5
18-64	
Total	24.5
Male	25.5
Female	23.5
18-24	
Total	27.3
Male	27.7
Female	26.8
25-54	
Total	24.9
Male	24.9

¹⁴⁵ See, for instance: Sparkes, J. and Glennester, H. (2002) Preventing Social Exclusion; Education's Contribution.

¹⁴⁶ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_li02&lang=en

¹⁴⁷ All indicators of financial poverty based on income are computed by using a definition in which income includes income in-kind.

Female	24.9
55-64	
Total	21.9
Male	25.9
Female	18.2
65+	
Total	19.5
Male	15.3
Female	22.5

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia.

Data taken from the Eurostat website:

http://epp.EURtat.ec.europa.eu/portal/page/portal/income_social_inclusion_living_conditions/data/database

- 3.3.12. **Youth** (18-24 years of age) are the next category at an above-average risk of poverty (27.3%), which is, amongst other things, a result of the high youth unemployment rate, or the large number of youth not in employment, education or training (NEET). According to the October 2013 Labour Force Survey data, the youth unemployment rate (for ages 15-24) stood at about 50%, while one-quarter of youth were not in employment, education or training. Although the at-risk-of-poverty data are not comparable with data for the period 2006-2010, there are indications that this indicator of youth's material status deteriorated in 2012 compared to the average for the overall population, as a result of deterioration in their and their parents' labour market position, (considering that most youth live with their parents, rather than independently). The 2012 data on the 28 European Union Member States¹⁴⁸ show that youth were at the highest risk of poverty and that their relative status compared to the average for the overall population was worse than in the Republic of Serbia, which may be attributed to the fact that in the European Union a considerably higher proportion of youth live independently than is the case in the Republic of Serbia.
- 3.3.13. The at-risk-of-poverty rate declines with age, which is not entirely in line with the employment rate curve by age, which peaks at 35-39 years of age and sharply declines afterwards. In other countries, the peak is reached at 45-49 years of age and remains very high even at older ages. The reason for this difference between Serbia and the European Union lies, amongst other things, in household composition. The at-risk-of-poverty rate is the lowest for the population aged 65 and over (19.5%), as these are mainly pensioners living in households without dependent children. However, for the elderly living in single-member households, the at-risk-of-poverty rate is considerably higher (25.1%).
- 3.3.14. By sex, there are no significant differences in at-risk-of-poverty rates between men and women at the level of the overall population¹⁴⁹; however, broken down by age groups, differences are observed. While **men aged 55-64 were more vulnerable than women, elderly women (65+) were more vulnerable than elderly men**. The at-risk-of-poverty rate in the 28 European Union Member States was higher among women than among men (17.5% compared to 16.3% in 2012).¹⁵⁰
- 3.3.15. **People with low educational attainment levels are at an above-average risk of poverty.** The link between educational attainment level and at-risk-of-poverty rate is shown in Table 5. The proportion of people aged 18-64 at risk of poverty significantly declines with rising educational attainment levels. The population with basic education and below had the highest at-risk-of-

¹⁴⁸ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_li02&lang=en

¹⁴⁹ Note: With regard to differences by sex, the data pertain solely to differences among households where all members are of the same sex.

¹⁵⁰ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_li02&lang=en

poverty rate, which stood at 41.8%, and the population with non-university or university-level higher education – the lowest, at 7.1%. This distribution of the population at risk of poverty by educational attainment level clearly indicates that education pays, given that the highly educated are rewarded in the labour market. Broken down by sex, men with basic and secondary education were at a higher risk of poverty than women with equal educational attainment levels, while highly educated women were at a higher risk of poverty than highly educated men.

Table 3.3.15. At-risk-of-poverty rate by educational attainment level in the Republic of Serbia in 2012, %

	Highest level of education attained		
	Basic	Secondary	Higher
18–64			
Total	41.8	22.9	7.1
Male	45.6	23.7	6.9
Female	38.7	21.9	7.3
18+			
Total	36.0	21.2	6.2
Male	39.2	21.9	5.8
Female	33.7	20.4	6.6
65+			
Total	26.5	7.1	1.6
Male	25.7	7.5	1.9
Female	27.0	6.5	1.0

Source: *SILC*, SORS

3.3.16. **Households with dependent children**, specifically households with two adults and three or more dependent children, and those with one adult with dependent children, were at the highest risk of poverty in 2012 (44.4% and 36.2%, respectively), as was the case in the 28 European Union Member States (25.7% and 34.2%, respectively).¹⁵¹ The principal reason for this is the considerably more adverse earner-dependent ratio in these households compared to other households without dependent children.

Table 3.3.16. At-risk-of-poverty rate by household type in the Republic of Serbia in 2012

	% of the population
Total	24.6
<i>All households without dependent children</i>	21.3
Single-member households	26.3
Male	29.2
Female	24.5
Up to 65	27.7
65+	25.1
Two adults, no dependent children	21.4
Both under 65	24.6
At least one 65+	18.0
Two or more adults, no dependent children	20.3

¹⁵¹ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_li03&lang=en

Three or more adults, no dependent children	19.3
<i>All households with dependent children</i>	27.2
One adult with dependent children	36.2
Two adults, one dependent child	25.5
Two adults, two dependent children	24.6
Two adults, three or more dependent children	44.4
Two or more adults with dependent children	26.7
Three or more adults with dependent children	25.9

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

3.3.17. The at-risk-of-poverty rate by the most frequent activity status (more than six months) indicates that the **unemployed** fare worst, particularly men, since almost one out of two unemployed people (48.7%) was at risk of poverty. Employment considerably reduces the risk of poverty, but does not guarantee higher welfare or being lifted out of poverty, given that the key determining factor is job quality. Therefore, **the self-employed** have a considerably higher at-risk-of-poverty rate than those in dependent employment (38.3% compared to 6.4%), given that a significant proportion of the self-employed engages in the informal economy, with considerably lower earnings compared to the formal economy.¹⁵² In addition, the self-employed's high at-risk-of-poverty rate, which is even higher than for other active individuals (38.3% compared to 32.7%), may be attributed to the fact that this category includes farmers, as well as unpaid family workers, who do not have income by definition. Pensioners are in the best position after those in dependent employment, with the at-risk-of-poverty rate roughly equal to that of the total employed (14.5% compared to 14.9%).

3.3.18. According to data on the 28 European Union Member States, the unemployed and inactive (except pensioners) are at the highest risk of poverty; at the same time, the latter's relative position compared to the average for the overall population is considerably worse than in the Republic of Serbia (31 compared to 25.3 percentage points for pensioners, and 11.8 compared to 9.3 for other inactive populations).¹⁵³ This is partly attributable to the fact that the proportion of the unemployed and inactive who supplement their income by occasionally engaging in the informal economy is higher in the Republic of Serbia than in the European Union, given that the most frequent activity status pertains to the respondents' self-reported activity status and does not correspond to the standard definition of the International Labour Organization.¹⁵⁴ With a high proportion of employment in the informal economy (population aged 15+) estimated at 24.1% in November 2011 according to LFS data¹⁵⁵, respondents' self-reporting of their activity status underestimates employment in favour of unemployment and inactivity¹⁵⁶, as many respondents who are occasionally engaged in the informal sector perceive themselves as unemployed or inactive, rather than employed; this results in a different income distribution by most frequent activity status and, consequently, in different at-risk-of-poverty rates amongst certain labour market categories.

¹⁵² Krstić et al., Policy Measures to Formalize the Shadow Economy and their Effects on Economic Growth in Serbia, USAID and FREN, 2013.

¹⁵³ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_li04&lang=en

¹⁵⁴ Eurostat, Working paper with the description of the 'Income and living conditions dataset', 'Lot 1: EU-SILC (European Union Statistics on Income and Living Conditions): Methodological studies and publications', October 2012.

¹⁵⁵ This assessment of informal employment exceeds the official assessment of the Statistical Office of the Republic of Serbia by six percentage points since it includes those employed in registered enterprises with formal contracts but without paid health and pension insurance contributions. See: "Labour Force Flows and Informal Economy in Serbia", International Conference From Global Crisis to Economic Growth. Which Way to Take?, The Faculty of Economics, University of Belgrade, September 2012, Conference Proceedings, Volume 1, p.301-322.

¹⁵⁶ See: Krstić, G. and Šoškić, D. *Ekonomska statistika*, Ekonomski fakultet, Beograd, 2014, p. 216.

Table 3.3.18. At-risk-of-poverty rate by most frequent activity status and sex in the Republic of Serbia in 2012, %

Economic activity of household members	18+ years	18–64	65+
Total	23.4	24.4	19.5
Male	23.6	25.5	15.4
Female	23.2	23.5	22.5
Employed	14.9	14.6	27.9
Male	16.5	16.2	25.0
Female	12.9	12.5	33.7
In dependent employment	6.4	6.4	11.0
Male	7.0	7.0	12.9
Female	5.8	5.8	-
Self-employed	38.3	39.1	29.6
Male	38.4	39.4	26.6
Female	38.2	38.5	35.0
Non-employed	29.2	34.3	19.1
Male	30.0	37.6	14.7
Female	28.5	31.8	22.2
Unemployed	48.7	48.7	46.2
Male	51.4	51.3	56.4
Female	45.6	45.6	-
Pensioners	14.5	12.5	15.5
Male	13.3	13.1	13.5
Female	15.3	12.2	17.2
Other inactive	32.7	30.7	42.6
Male	26.7	25.6	44.2
Female	35.0	33.0	42.4

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

3.3.19. Higher work intensity of household members means a lower risk of poverty. Work intensity of household members is the ratio of the number of months during the reference year that all working-age household members (18–59, excluding students aged 18–24) worked to the number of months that those household members could have worked. Very low work intensity means that adult household members (18–59, excluding students aged 18–24) worked for fewer than 20% of the total number of months that they could have worked during the reference period. Persons (up to 60 years of age) living in households with very low work intensity of household members were at the highest risk of poverty (64.1%), in particular those living in households with dependent children (78.5%), while those living in households with very high work intensity of household members were at the lowest risk of poverty (9.4%), similarly to the average for the 28 European Union Member States.¹⁵⁷ The presence of dependent children heightened the risk of poverty in all work intensity categories, which was to be expected, given that the same income earned by adults was shared by more household members (i.e. divided by a greater number of equivalent adults). Men were more disadvantaged than women, whether they lived in households with very high or with low or very low work intensity of household members.

¹⁵⁷ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_li06h&lang=en

Table 3.3.19. At-risk-of-poverty rate by work intensity of household members (0–59), household type and sex in the Republic of Serbia in 2012, %

Work intensity	Household type	Total	Males	Females
Very high (0.85–1)	Total	9.2	9.7	8.8
	Without dependent children	9.4	10.8	7.8
	With dependent children	9.2	9.2	9.1
High (0.55–0.85)	Total	11.9	12.0	11.7
	Without dependent children	9.3	9.3	9.4
	With dependent children	13.1	13.4	12.9
Medium (0.45–0.55)	Total	22.9	23.1	22.7
	Without dependent children	15.2	15.0	15.4
	With dependent children	25.8	26.2	25.3
Low (0.2–0.45)	Total	39.2	40.7	37.7
	Without dependent children	30.8	32.7	28.6
	With dependent children	43.8	45.1	42.4
Very low (0–0.2)	Total	64.1	65.4	62.8
	Without dependent children	46.2	50.6	41.6
	With dependent children	78.5	78.5	78.4
Other excluding very low (0.2–1)	Total	17.9	18.5	17.3
	Without dependent children	14.7	15.5	13.8
	With dependent children	19.2	19.9	18.6

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

3.3.20. **Homeowners (including owners repaying housing loans and rent-free residents)** were at a higher risk of poverty than tenants (including tenants with reduced rent), which appears unexpected at first glance and differs from the average for the European Union, where tenants were considerably more disadvantaged than homeowners.¹⁵⁸ This may be explained by the fact that in the Republic of Serbia dwellings were rented by a few high-income individuals. The at-risk-of-poverty rate of homeowners was considerably increased by rent-free residents (those living with relatives, friends and the like), given that, if they shifted from the homeowners category into the tenants category, homeowners would be at a lower risk of poverty than tenants (22.8% and 32.2%, respectively). However, these results for the Republic of Serbia must be taken with caution, in view of the poorly developed housing rental market and the relatively small number of respondents who rent dwellings.

Table 3.3.20. At-risk-of-poverty rate by tenure status in 2012, %

	Total	Homeowners, owners repaying housing loans or rent-free residents	Tenants, tenants with reduced rent
Total	24.6	24.9	18.2
Male	24.9	25.2	18.6
Female	24.3	24.6	17.8
		Homeowners, owners repaying housing loans	Tenants, tenants with reduced rent, rent-free residents

¹⁵⁸ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_li08&lang=en

Total	24.6	22.8	32.2
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Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

3.3.21. **The relative at-risk-of-poverty gap** measures the difference between the poverty line and the median income per equivalent adult of individuals below the poverty line, and is expressed as a percentage of the poverty line. Unlike the at-risk-of-poverty rate, which shows who is at risk of poverty, the relative at-risk-of-poverty gap indicates how poor someone is. In 2012, the relative at-risk-of-poverty gap stood at 36.6% of the poverty line. This value was considerably higher than the 2012 average for the 28 European Union Member States (23.5%) and the highest relative at-risk-of-poverty gaps for individual countries, such as Bulgaria and Spain (31.4%), Romania (30.9%) and Greece (29.9%).¹⁵⁹ The relative at-risk-of-poverty gap decreased with age, as was the case with the at-risk-of-poverty rate, which indicates not only that the highest proportion of children was at risk of poverty, but also that, on average, they needed the most funds (in % of the poverty line) to be lifted out of the risk of poverty. Although there were no significant differences between men and women in terms of the at-risk-of-poverty rate, men (18–64) had a greater at-risk-of-poverty gap than women (38.3% compared to 35.7%).

Table 3.3.21. Relative at-risk-of-poverty gap in the Republic of Serbia in 2012

	Total	Males	Females
Total	36.6	38.3	35.7
Under 18	41.0	39.1	44.5
18–64	37.8	39.8	35.7
65+	26.9	24.5	26.9

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

Effectiveness of Social Transfers

3.3.22. The assessments of the impact of social transfers on the at-risk-of-poverty rate reduction carried out to date¹⁶⁰ underestimated the significance of social transfers for reducing the population's level of disadvantage, since they were based on HBS data, which do not fully cover all types of social transfers. More specifically, different types of social transfers were recorded within larger groups in the HBS, rather than individually. As a result, respondents may not have declared all of the types of social transfers they received.¹⁶¹ Indeed, this was corroborated by the results obtained from SILC data, as the estimated impact of social transfers on reducing the at-risk-of-poverty rate was incomparably higher than that obtained from HBS data.

Table 3.3.22. At-risk-of-poverty rate before and after social transfers by age and sex in the Republic of Serbia in 2012, %

	At-risk-of-poverty rate before social transfers		At-risk-of-poverty rate reduction after social transfers	
	All pensions are treated as social transfers	Old-age and survivors' pensions are treated as income	All pensions are treated as social transfers	Old-age and survivors' pensions are treated as income
Total	50.1	31.4	-50.9	-21.7

¹⁵⁹ Data taken from the EUROSTAT website: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_li11&lang=en

¹⁶⁰ Social transfers comprise insurance-based cash benefits – pensions, unemployment benefits and sickness benefits, as well as non-contributory cash benefits – social assistance, child allowance and birth grants, maternity pay, attendance allowance and various financial entitlements under veteran and disability protection. In addition, local governments award one-off cash assistance, as well as additional means-tested cash benefits.

¹⁶¹ See: First National Report on Social Inclusion and Poverty Reduction in the Republic of Serbia, Government of the Republic of Serbia, 2011, p. 110.

male	49.2	32.0	-49.4	-22.2
female	50.9	30.8	-52.3	-21.1
0–17				
Total	44.1	36.5	-32.0	-17.8
male	44.7	36.4	-32.0	-16.5
female	43.6	36.6	-32.3	-19.4
18–64				
Total	44.2	30.6	-44.6	-19.9
male	44.1	31.8	-42.2	-19.8
female	44.3	29.5	-47.0	-20.3
18–24				
Total	42.1	32.7	-35.2	-16.5
male	44.4	34.0	-37.6	-18.5
female	39.5	31.3	-32.2	-14.4
25–54				
Total	39.3	30.1	-36.6	-17.3
male	40.1	30.1	-37.9	-17.3
female	38.5	30.1	-35.3	-17.3
55–64				
Total	58.2	31.0	-62.4	-29.4
male	54.9	35.4	-52.8	-26.8
female	61.3	27.0	-70.3	-32.6
65+				
Total	77.9	28.9	-75.0	-32.5
male	77.2	27.1	-80.2	-43.5
female	78.4	30.1	-71.3	-25.2

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

3.3.23. The **effectiveness of social transfers**¹⁶² measures the percentage by which the at-risk-of-poverty rate is reduced by social transfers, comparing the at-risk-of-poverty rate before the receipt of social transfers to the at-risk-of-poverty rate after. The at-risk-of-poverty rate before the receipt of social transfers is calculated on the basis of income minus social transfers.

3.3.24. In 2012, social transfers (with old-age and survivors' pensions treated as income) reduced the at-risk-of-poverty rate of the overall population by 21.7%. In other words, in the absence of hypothetical social transfers, the at-risk-of-poverty rate would have been 31.4% instead of 24.6%. This impact is somewhat higher in the European Union Member States, where in 2012 social transfers reduced the at-risk-of-poverty rate by an average 34.4%. However, it should be highlighted that these assessments do not consider a household's assumed capacity to compensate for the loss of income resulting from the elimination of social transfers, for example by working more hours, selling assets, taking loans, etc.

3.3.25. The impact of social transfers on reducing the at-risk-of-poverty rate is analysed, firstly, by household type. The elimination of social transfers (with old-age and survivors' pensions treated

¹⁶² The effectiveness of social transfers is measured as the percentage of the relative at-risk-of-poverty gap after social transfers in the First National Report on Social Inclusion and Poverty Reduction in the Republic of Serbia, Government of the Republic of Serbia, 2011.

as income) would lead to a greater reduction of the at-risk-of-poverty rate of households without dependent children than those with dependent children. Consequently, the impact of social transfers (with old-age and survivors' pensions treated as income) on reducing the at-risk-of-poverty rate would be higher for adults (18–64) than for children (19.9% compared to 17.8%); for adults, this impact increases with age, likely as a result of the impact of disability pensions¹⁶³ on reducing the at-risk-of-poverty rate of the oldest population. In the European Union, social transfers had a higher impact on reducing the at-risk-of-poverty rate of children than of adults, as the average reduction in the 28 European Union Member States amounted to 39.4% and 35%, respectively.¹⁶⁴ Broken down by sex, social transfers had a somewhat stronger impact on men than on women (22.2% and 21.1%, respectively).

Table 3.3.25. At-risk-of-poverty rate before and after social transfers by household type in the Republic of Serbia in 2012, %

	At-risk-of-poverty rate before social transfers		At-risk-of-poverty rate reduction after social transfers	
	All pensions are treated as social transfers	Old-age and survivors' pensions are treated as income	All pensions are treated as social transfers	Old-age and survivors' pensions are treated as income
Total	50.1	31.4	-50.9	-21.7
All households without dependent children	59.3	28.9	-64.1	-26.3
Single-member households	78.6	33.1	-66.5	-20.5
male	68.8	38.5	-57.6	-24.2
female	84.5	29.8	-71.0	-17.8
Up to 65	55.9	34.1	-50.4	-18.8
65+	96.1	32.3	-73.9	-22.3
Two adults, no dependent children	65.7	30.4	-67.4	-29.6
Both up to 65	47.5	31.7	-48.2	-22.4
At least one 65+	84.8	29.1	-78.8	-38.1
Two or more adults, no dependent children	55.2	28.0	-63.2	-27.5
Three or more adults, no dependent children	46.3	25.9	-58.3	-25.5
All households with dependent children	42.8	33.3	-36.4	-18.3
One adult with dependent children	51.9	43.4	-30.3	-16.6
Two adults, one dependent child	32.9	29.0	-22.5	-12.1
Two adults, two dependent children	29.2	28.6	-15.8	-14.0
Two adults, three or more dependent children	52.8	52.8	-15.9	-15.9
Two or more adults with dependent children	42.4	32.8	-37.0	-18.6
Three or more adults with dependent children	49.5	33.3	-47.7	-22.2

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

3.3.26. Pensions have a significant impact on poverty reduction, not only for the population aged 65 and over, when the impact is certainly the highest, but also for children and the working-age

¹⁶³ Disability pensions are included in social transfers.

¹⁶⁴ Data for EU27 taken from the Eurostat website:

<http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tesov252&language=en>

population. Among the 28 European Union Member States, this impact of pensions on reducing the at-risk-of-poverty rate is particularly pronounced in Greece and Poland, while in Romania, Slovakia and Bulgaria the impact of pensions on child poverty reduction is particularly notable, which is linked to the higher proportion of multigenerational households compared to other countries and the impact of the oldest household members' pensions on reducing the poverty of children in those households.¹⁶⁵ In the Republic of Serbia, among households with dependent children, the impact of pensions on reducing the at-risk-of-poverty rate is the highest in multigenerational households, whose proportion is, traditionally, relatively high compared to other countries.

Income Distribution

- 3.3.27. Net household disposable income – comprising labour income, property income, pensions, social transfers and other transfers received by a household from persons other than household members – is the income at the household's disposal for consumption and saving. A household's living standard with a given disposable income depends on household size and members' ages. Household income is, therefore, adjusted for household size and composition, in order that all households' income could be analysed on a comparable basis. In addition, economies of scale, i.e. that some expenditures are shared by household members, are taken into account. Equivalised income is calculated by dividing household income by equivalised household size according to the modified OECD scale.¹⁶⁶
- 3.3.28. The table below shows income distribution by alternative relative poverty lines, which facilitates comparison of the median income of those at risk of poverty and the at-risk-of-poverty threshold, as well as the median incomes of those at risk of poverty and those not at risk of poverty. The higher the relative level of the poverty line, the lower the ratio of the equivalised income of the population at risk of poverty to that of the population not at risk of poverty, which is to be expected. The data for the Republic of Serbia show that, for the at-risk-of-poverty threshold set at 60% of the median equivalised income, the median income of those not at risk of poverty is 3.2 times higher than the median income of those at risk of poverty. Though not high, this ratio should be viewed in the context of the relative poverty concept. If the arithmetic mean is used instead of the median (see: Table 3 - Income distribution by different income groups in the Republic of Serbia, 2012, Annex 1), then at 4.2 the ratio is considerably higher as a result of extreme values at the high and low ends of the income distribution.

Table 3.3.28. Equivalised income distribution by different income groups in the Republic of Serbia in 2012

		Median equivalised income, per month			Ratio of the median income above the at-risk-of-poverty threshold to that below the at-risk-of-poverty threshold
		EUR	RSD	PPS	
Below...	... 40% of the median equivalised income	48	5,385	89	4.7
Above...		224	25,333	420	
Below...	... 50% of the median equivalised income	61	6,944	115	3.8
Above...		235	26,567	440	

¹⁶⁵ Employment and social developments in Europe 2012, European Commission, 2012, p. 225.

¹⁶⁶ The weight 1 is assigned to the first adult household member, 0.5 to each additional adult household member and 0.3 to each child under the age of 14.

Below...	... 60% of the median equivalised income	77	8,667	144	3.2
Above...		246	27,857	462	
Below...	... 70% of the median equivalised income	88	10,000	166	2.9
Above...		259	29,355	486	

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

The table below shows equivalised disposable income by self-reported activity status, as explained in the section on risk of poverty. In addition, the equivalised income of each individual should be viewed in the context of other household members' income. The median was used as the average equivalised income, while the arithmetic mean can be found in

3.3.29. Table 4 - Arithmetic mean of equivalized income by most frequent activity status and sex in the Republic of Serbia, 2012, RSD, Annex 1. Individuals in dependent employment (18–64) had the highest median equivalised income, at RSD 32,350 per month. The self-employed, including farmers and unpaid family workers, who were most frequently engaged in the informal sector, had an equivalised income which was almost twice lower than that of individuals in dependent employment, and only 24% higher than that of the unemployed. The unemployed and self-employed were the two most disadvantaged population groups, since they had the lowest average (median and arithmetic mean) equivalised income and the relatively highest proportion at risk of poverty. In the 28 European Union Member States, as well as in the new Member States, the inactive excluding pensioners had the lowest equivalised income after the unemployed.¹⁶⁷ The considerably more adverse position of the self-employed in the Republic of Serbia compared to the European Union overall and the new Member States may be explained by a higher share of this category in the informal economy outside of agriculture, as well as by a higher share of unpaid family workers and farmers amongst the self-employed in Serbia compared to the European Union.

Table 3.3.29. Median equivalised income by most frequent activity status and sex in the Republic of Serbia in 2012, RSD

Economic activity of members of households	18+	18–64	65+
Total	23,333	23,333	23,111
Male	23,333	22,849	25,479
Female	23,167	23,800	21,600
Employed	28,333	28,571	20,667
Male	26,938	27,115	21,333
Female	30,030	30,267	18,383
In dependent employment	32,384	32,350	64,783
Male	31,014	30,958	64,783
Female	33,778	33,750	46,841
Self-employed	17,581	17,444	19,000
Male	17,501	17,333	20,833
Female	17,742	17,742	17,903
Non-employed	20,000	18,538	23,304
Male	20,083	17,572	26,000
Female	20,000	19,380	21,778

¹⁶⁷ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_di05&lang=en

Unemployed		14,047	14,047	13,837
Male		13,375	13,375	13,111
Female		14,781	14,722	94,275
Pensioners		25,350	26,583	24,750
Male		26,033	26,000	26,050
Female		24,943	26,667	23,304
Other inactive		19,091	20,000	15,222
Male		22,000	22,000	18,333
Female		18,000	19,167	15,167

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

3.3.30. A more precise presentation of equivalised disposable income and activity status is given in a table showing the work intensity of household members within the household types in which they live. Individuals' median equivalised income increased with an increase in the work intensity of household members and was higher in households without dependent children than in those with dependent children. In addition, it may be observed that children's disadvantage was a result of the low work intensity of household members. Broken down by sex, men's median equivalised income in households without dependent children was lower than women's in all work intensity categories, as was the case in households with dependent children and with low and very low work intensity, while there were no significant differences by sex in other work intensity categories.

Table 3.3.30. Median equivalised income by work intensity of household members and household type in the Republic of Serbia in 2012, RSD

Household type	Age	Sex	Work intensity of household members				
			High	Low	Medium	Very high	Very low
With dependent children	under 18	Total	23,810	14,667	18,389	32,292	7,254
		Male	24,158	14,116	18,005	31,468	7,937
		Female	23,404	15,000	18,512	32,617	6,897
	18-59	Total	24,850	14,867	19,167	32,000	7,824
		Male	24,839	14,683	19,167	32,292	7,333
		Female	24,850	15,317	19,167	31,667	8,000
Without dependent children	18-59	Total	33,067	18,522	26,000	37,500	15,000
		Male	31,500	18,250	24,833	36,111	13,542
		Female	34,800	18,800	26,667	39,389	16,500

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

3.3.31. Subjective poverty, according to the Eurostat definition¹⁶⁸, comprises households that report “making ends meet” with difficulty or great difficulty. This concept, pertaining to the subjective feeling of being poor, is closely related to the concept of material deprivation. The Table 3.3.33. shows median equivalised income according to respondents' subjective assessments of households' ability to “make ends meet”. Individuals living in households that “make ends meet”

¹⁶⁸ Eurostat, Working paper with the description of the 'Income and living conditions dataset', 'Lot 1: EU-SILC (European Union Statistics on Income and Living Conditions): Methodological studies and publications', October 2012.

with great difficulty had an average (median) equivalised income of EUR 1,714 per year, which is considerably lower than the average for the new European Union Member States (EUR 2,956), and several times lower than the average for the European Union (EUR 7,620).¹⁶⁹

3.3.32. Almost two-thirds (64.6%) of the population of the Republic of Serbia were subjectively poor, which was 2.6 times higher than the proportion of the objectively poor (24.6%). This ratio was somewhat lower in the European Union and in the 12 new Member States (2.2 and 2.4, respectively), where 27.7% and 42.1% of the population, respectively, were subjectively poor in 2012.¹⁷⁰

3.3.33. The median equivalised income of these two categories was higher than the at-risk-of-poverty threshold (RSD 13,830 per month), which indicates that part of the population in these categories was not at risk of poverty. With respect to the structure of the objectively poor, 56.1% lived in households which had great difficulty in making ends meet, 29.1% in households which had difficulty in making ends meet, and 13% in households which had some difficulty in making ends meet. Most of the objectively poor, i.e. those at risk of poverty, were also subjectively poor according to the Eurostat definition (87.2%), which was to be expected. On the other hand, 57.8% of those who were objectively not at risk of poverty were subjectively poor.

Table 3.3.33. Respondents' subjective assessment of households' ability to “make ends meet” in the Republic of Serbia in 2012

... Do you think that your household is able to “make ends meet”...	Median equivalised income, per month, RSD	Proportion of the population		
		Total	Below the poverty line	Above the poverty line
With great difficulty	16,154	33.8	56.1	26.5
With difficulty	21,800	30.8	29.1	31.3
With some difficulty	31,079	28.9	13.3	34.0
Fairly easily	43,222	4.6	1.2	5.7
Easily	55,600	1.5	0.3	2.0
Very easily	74,444	0.3	0.0	0.4

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

3.3.34. The 20:20 ratio stood at 8.8, which means that in 2012 the equivalised income of the richest 20% in the Republic of Serbia was 8.8 times higher than that of the poorest 20%.¹⁷¹ The value of this indicator was substantially higher than the average for the 28 European Union Member States, which stood at 5.1 in 2012; it was also higher than the highest value for one individual country – Spain (7.1).¹⁷² Broken down by sex, the 20:20 ratio was higher for men up to 65 years of age than for women, while it was higher for elderly women than for men.

Table 3.3.34. Gini coefficient and income quintile share ratio (S80/S20) of equivalised income in the Republic of Serbia in 2012

	Total	Under 65	65+
Gini coefficient	38.0	-	-
Income quintile share ratio	8.8	9.3	6.3

¹⁶⁹ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_di10&lang=en

¹⁷⁰ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdes09&lang=en

¹⁷¹ The position of the population at the bottom end of equivalised income distribution relative to the population at the top end of income distribution may be illustrated by the income quintile share ratio, which is the ratio of total equivalised income received by the top income quintile (20% of the population with the highest equivalised income) to that received by the lowest income quintile (20% of the population with the lowest equivalised income).

¹⁷² http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_di11&lang=en

Male	8.9	9.6	5.9
Female	8.4	9.0	6.5

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

3.3.35. Unlike this inequality indicator, the Gini coefficient measures inequality in the entire income distribution. In 2012, the Gini coefficient stood at 38, which was significantly above the average for the 28 European Union Member States (30.6) and also above the Gini coefficient values for countries with the most pronounced inequalities, such as Latvia (35.7), Spain (35), Portugal (34.5) and Greece (34.3).¹⁷³

3.3.36. If the values of these two inequality indicators are compared to the values from the previous period, obtained from HBS data (see: Table 5 - Equivalent income inequality indicators in the Republic of Serbia based on HBS data, 2006-2010, Annex 1), it may be concluded that inequality increased significantly since the onset of the economic crisis (although the data are not fully comparable owing to different data sources [see the section on relative poverty indicators]).

Absolute Poverty Trends and Characteristics

3.3.37. Given that the relative poverty concept is not entirely adequate for monitoring the development of the at-risk-of-poverty rate over time, absolute poverty should be monitored on an ongoing basis according to the current methodology (based on household consumption and the absolute poverty line).¹⁷⁴ Monitoring absolute poverty is important not only with regard to monitoring the development of the number of the poor, but also with regard to developing policies aimed at reducing the poverty of groups unable to meet the minimum needs for food and other expenditures, seeing that they are covered by the absolute poverty concept.

3.3.38. The data on absolute poverty development based on the HBS show that poverty incidence grew considerably in 2012 against 2011, from 6.8% to 8.8%. The most recent data, for 2013, show that poverty incidence decreased insignificantly compared to the preceding year, to 8.6%.

Table 3.3.38. Absolute poverty profile, 2006–2013

	2006	2007	2008	2009	2010	2011	2012	2013
Poverty line, RSD per month per equivalent adult	6,221	6,625	7,401	8,022	8,544	9,483	10,223	11,020
% poor in the Republic of Serbia	8.8	8.3	6.1	6.9	9.2	6.8	8.8	8.6
Proportion of the poor by regions								
Vojvodina	8.6	11.9	6.8	4.9	6.8	6.2	9.3	5.6
Belgrade	4.3	2.4	2.9	3.8	5.3	3.7	3.1	5.6
Central Serbia	10.7	9.0	7.0	9.3	12.0	8.3	10.8	11.8
Šumadija and Western Serbia	-	-	-	-	-	5.7	5.3	7.2

¹⁷³ Ibid.

¹⁷⁴ Whether a person is poor or not is established by comparing one's consumption or consumption per equivalent adult with the absolute poverty line. The absolute poverty line is defined as the fixed consumption required to satisfy minimum livelihood, adjusted over time only for changes in prices. Equivalent adult is defined according to the OECD scale (weight assigned to the first adult member of household =1, other adults =0.7, children under 14 = 0.5).

Eastern and Southern Serbia	-	-	-	-	-	11.7	17.7	18.0
Proportion of the poor by settlement type								
Urban	5.3	6.0	5.0	4.9	5.7	4.7	6.0	6.3
Other	13.3	11.2	7.5	9.6	13.6	9.4	12.3	12.0
Proportion of the poor by sex								
Male	8.5	8.0	6.1	7.1	9.5	6.7	9.0	8.8
Female	9.1	8.5	6.0	6.8	8.8	6.8	8.6	7.8
Proportion of the poor by household type								
Single-member	8.6	8.8	6.6	5.7	5.6	4.0	4.9	6.4
Two-member	8.7	9.2	5.5	5.6	5.9	5.4	5.0	6.3
Three-member	5.2	4.9	5.1	5.0	7.0	3.4	7.6	5.4
Four-member	5.7	5.3	4.7	4.7	7.1	5.0	6.9	5.3
Five-member	8.3	8.1	5.2	5.7	11.7	8.8	13.8	12.7
Six-member and larger	17.3	14.4	10.0	14.2	16.4	13.5	14.3	16.9
Proportion of the poor by age								
Children up to 13	11.6	11.2	7.3	9.8	13.7	10.0	12.5	11.9
Children 14–18	11.7	8.8	6.9	8.4	9.1	9.4	12.0	10.2
Adults 19–24	7.2	6.6	5.9	7.5	11.5	7.7	12.3	10.6
Adults 25–45	8.4	7.4	5.0	6.4	8.9	6.3	8.6	7.6
Adults 46–64	7.0	6.6	5.4	5.3	8.0	5.7	7.7	8.2
The elderly 65+	10.0	10.3	7.5	7.5	7.9	6.2	6.9	7.4
Proportion of the poor by educational attainment level of head of household								
Incomplete basic education	21.0	18.1	9.0	14.8	14.2	16.5	19.5	21.9
Basic education	13.7	13.2	10.5	9.2	12.7	11.1	15.0	15.1
Secondary education	5.5	5.4	4.8	3.0	4.8	4.0	5.6	5.9
Non-university higher education	0.6	0.1	2.7	1.8	2.4	2.5	2.3	2.0
University-level higher education	1.8	0.4	1.9	0.6	0.8	-	0.7	1.8
Proportion of the poor by socio-economic status of head of household								
Self-employed	10.2	10.9	5.1	6.0	9.7	6.3	6.7	10.1
Employed	5.2	5.3	3.9	4.6	5.2	4.3	6.4	4.3
Unemployed	14.7	10.9	16.9	17.5	17.9	17.1	21.3	20.4
Pensioners	8.8	7.6	5.7	6.1	6.1	6.1	6.6	7.2
Other inactive	28.2	24.2	15.5	29.3	17.1	16.2	29.2	24.1

Note: The absolute poverty line was calculated in 2006 on the basis of the food line plus the sum of other expenditures (clothing, footwear, housing, health care, education, transport, recreation, culture, other goods and services). For each subsequent year, the absolute poverty line was adjusted for inflation (consumer price index).

Source: Household Budget Survey, Statistical Office of the Republic of Serbia. For the period 2006–2010, taken from “Monitoring Social Inclusion in Serbia”, Government of the Republic of Serbia, 2012. For the period 2011–2013, according to *Apsolutno siromaštvo u Republici Srbiji i trendovi u merenju siromaštva*, CLDS and CSP, 2014.

3.3.39. Data show that the population living outside urban areas is the most disadvantaged, in particular those in Central Serbia, as well as children up to the age of 14, youth (15–24), the uneducated, the

unemployed and inactive heads of households. The economic crisis had the highest impact precisely on those categories which had already been in the most difficult position before the crisis, as their relative position compared to the average for the overall population deteriorated (as measured by the poverty incidence of the relevant category and the average poverty incidence). As the only exception, youth (15–24) – whose poverty incidence had been below the average before the economic crisis – became particularly disadvantaged with its onset, which is consistent with the findings on the impact of the economic crisis on the labour market, given that youth bore the brunt of the crisis.¹⁷⁵ In 2012, their position deteriorated even further compared to the average for the overall population, as suggested by the data on the risk of poverty in 2012.

Deprivation of Basic Needs (Material Deprivation)

- 3.3.40. Material deprivation¹⁷⁶ and financial poverty are concepts designed to indicate various aspects of individuals' and households' living conditions. While financial poverty (income poverty) pertains to the lack of funds required for individuals to satisfy needs considered to be essential in the society in which they live, material deprivation pertains to the actual status attained by individuals (the ability to obtain the goods and services considered necessary for a high-quality life).¹⁷⁷ Material deprivation may, thus, be viewed as a consequence of poverty.¹⁷⁸
- 3.3.41. In 2012, the material deprivation rate in the Republic of Serbia stood at 44.3%, and the severe material deprivation rate – 26.8%. In the European Union, the material deprivation rate stood at 19.7%, and in the new Member States – 34.9%¹⁷⁹, while severe material deprivation rates stood at 9.9% and 19.7%, respectively.¹⁸⁰ Compared to the 28 European Union Member States, the values of these indicators in the Republic of Serbia were among the highest.
- 3.3.42. Material deprivation by dimension is shown in the table below. The first five items on the list (see paragraph 3.3.5), relating to individuals' inability to afford or settle certain financial liabilities, constitute the economic dimension of deprivation. The remaining four items, relating to individuals' inability to afford certain durable consumer goods, constitute the durable consumer goods dimension.

Table 3.3.42. Materially deprived population by deprivation dimensions, number of items they cannot afford and risk of poverty

	% of the population						Total
	Number of items that cannot be afforded						
	0	1	2	3	4	5 ¹⁸¹	
Economic dimension and durable consumer goods							
Above 60% of the median equivalised income	23.6	21.1	17.9	15.9	10.6	11.0	100.0
Below 60% of the median equivalised income	4.6	7.7	14.2	18.2	17.4	38.0	100.0
Total	18.9	17.8	17.0	16.5	12.2	17.6	100.0

¹⁷⁵ Arandarenko et al., 2010 and Krstić et al., 2010.

¹⁷⁶ The measurement of material deprivation was improved in 2009 with the introduction of two new material deprivation indicators – material deprivation rate and intensity, which enhanced insight into the multidimensional aspect of poverty, and the coverage of social inclusion indicators. The material deprivation rate is defined as the share of the materially deprived population in the total population. The severe material deprivation rate and the extreme material deprivation rate are defined by analogy. Material deprivation intensity represents the mean number of items that the materially deprived portion of the population cannot afford.

¹⁷⁷ Eurostat, 2010, Income poverty and material deprivation in European countries, p. 9.

¹⁷⁸ Townsend, P. 1987, Deprivation, Journal of Social Policy.

¹⁷⁹ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_sip8&lang=en

¹⁸⁰ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mddd11&lang=en

¹⁸¹ Refers to five or more items in the economic dimension and the durable consumer goods dimension.

Economic dimension							
Above 60% of the median equivalised income	25.3	22.9	20.7	18.1	9.8	3.2	100.0
Below 60% of the median equivalised income	5.0	9.2	19.6	26.1	26.3	13.8	100.0
Total	20.3	19.5	20.5	20.0	13.9	5.8	100.0
Durable consumer goods							
Above 60% of the median equivalised income	74.4	18.6	6.2	0.6	0.2	0.0	100.0
Below 60% of the median equivalised income	48.8	25.9	16.6	6.6	1.6	0.6	100.0
Total	68.1	20.4	8.8	2.1	0.5	0.2	100.0

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

- 3.3.43. Looking at both dimensions of material deprivation, about 19% of the total population could afford each of the 10 material deprivation items.¹⁸² As the number of items that cannot be afforded grows, the proportion of the population decreases. A look at the population at risk of poverty reveals an opposite tendency – an increase in the proportion of the population that cannot afford multiple items; thus, 18.2% of the population at risk of poverty could not afford three items, and as many as 55.4% could not afford four or more items, which testifies to a high correlation between the risk of poverty and severe material deprivation.¹⁸³ The situation was substantially better for the population not at risk of poverty, as the proportion of those who cannot afford, for instance, four, five or more items, was far lower.
- 3.3.44. Looking at individual dimensions of material deprivation, a significantly higher proportion of the population at risk of poverty was affected by economic deprivation than by the inability to afford durable consumer goods. About two-thirds (66.1%) of the population at risk of poverty could not afford three or more economic deprivation items, while only 8.8% could not afford three or more items of durable consumer goods.
- 3.3.45. Material deprivation may also be viewed from the aspect of housing (housing deprivation), which will be analysed in the section on housing. In addition, material deprivation may be analysed in the context of the environment, with regard to noise, crime or pollution in the environment in which an individual lives.

Table 3.3.45. Severe material deprivation rate by population characteristics in the Republic of Serbia in 2012

	Severe material deprivation rate, %
Total	26.9
Male	26.8
Female	27.0
Age	
Children (<18)	27.4
Male	27.7
Female	27.0
18–64	26.7
Male	27.4

¹⁸² If the percentages of the population that cannot afford three or more material deprivation items, or four or more items, are added up, the result is somewhat higher than the material deprivation rate and the severe material deprivation rate. The reason for this is that a computer was added to the durable consumer goods within the list of nine items.

¹⁸³ For more details on the link between the at-risk-of-poverty rate and material deprivation, see: Eurostat, 2010, Income poverty and material deprivation in European countries.

Female	26.0
65+	26.9
Male	22.9
Female	29.9
Household type	
Single-member household	37.2
One adult with dependent children	45.3
Male	36.6
Female	37.5
Two or more adults, no dependent children	26.3
Two or more adults with dependent children	25.0
Two adults, one dependent child	26.6
Two adults, two dependent children	20.3
Two adults, three or more dependent children	36.1
Households without dependent children	28.2
Households with dependent children	25.9
Income quintiles	
I	53.1
II	37.8
III	23.7
IV	14.1
V	5.9
Most frequent activity status (18+)	
In dependent employment	18.0
Self-employed	20.9
Unemployed	44.6
Pensioners	25.1
Other inactive	30.4

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

3.3.46. Table 6 - Material deprivation rate and severe material deprivation rate by sex and age, Republic of Serbia, 2012, Annex 1) gives rise to the following conclusions:

- No statistically significant differences were observed in severe material deprivation rates by age and sex, with the exception of the oldest population (65+), in which women were observed to be at a greater disadvantage than men. By household type, one adult with dependent children, as well as two adults with three or more dependent children, were the most exposed to severe material deprivation, with rates at 45.3% and 36.1%, respectively. These were, at the same time, individuals living in households at the highest risk of poverty.
- By equivalised income quintiles, the severe material deprivation rate decreases towards the higher parts of equivalised income distribution, which is understandable, as higher income enables individuals to afford more economic deprivation items and durable consumer goods items.

- By most frequent activity status, the unemployed were the most disadvantaged, since as many as 44.6% of them could not afford four or more items from the list.
- The profile of severely materially deprived individuals greatly resembled the profile of the population at risk of poverty, with the exception of children, who were at a higher risk of poverty compared to other age groups, while their severe material deprivation rate was only slightly above average. However, the fact that children were most exposed to multiple risk factors should not be disregarded.

3.3.47. The table below shows some components of the economic dimension of material deprivation. Half of the population, or as many as 77.3% of those at risk of poverty, could not afford to cover an unexpected expense of RSD 10,000 from the household budget. This is understandable, as the expense is very high compared to the at-risk-of-poverty threshold of RSD 13,680 per month. In the 28 European Union Member States, on average, 40.3% of the population, and in the 12 new Member States – 54.9% of the population, cannot afford to cover an unexpected expense, whose amount is set at a level even higher than in the Republic of Serbia, i.e. it equals the monthly at-risk-of-poverty threshold.¹⁸⁴

Table 3.3.47. Some indicators of the economic dimension of material deprivation in the Republic of Serbia in 2012

Household cannot afford:	Total, %	Below 60% of the median equivalised income, %	Above 60% of the median equivalised income, %
Adequate heating of a dwelling	18.3	30.0	14.5
A one-week annual holiday away from home	67.2	88.9	60.1
A meal with meat or fish (or vegetarian equivalent) every second day	30.6	49.6	24.4
An unexpected expense amounting to RSD 10,000	50.1	77.3	41.2

Source: Survey on Income and Living Conditions, Statistical Office of the Republic of Serbia

3.3.48. About two-thirds of the population, or 88.9% of the poor, cannot afford a one-week holiday away from home. Almost a third of the population, or almost a half of those at risk of poverty, cannot afford a meal with meat or fish every second day. Finally, 18.3% of the population, or 30% of those at risk of poverty, cannot afford adequate heating of a dwelling.

CONCLUSIONS AND CHALLENGES

3.3.49. Although assessments of the population's financial status and living standard are performed by applying different methodological concepts, with ongoing improvements to the methodology and indicators, it is noteworthy that there are no significant differences between the profiles of the poor under the absolute and relative poverty concepts.

3.3.50. An analysis of the financial poverty and social exclusion indicator and its components gives rise to the conclusion that the main prerequisites for improving living standards are employment growth and income inequality reduction. Employment considerably reduces the risk of poverty, but does not necessarily guarantee higher welfare or being lifted out of poverty, given that the key determining factor is job quality.

3.3.51. The profile of population groups at risk of poverty or social exclusion indicates that children are the most exposed to multiple risk factors (risk of poverty, material deprivation, low work intensity of household members). Their parents' exclusion from the labour market, low work intensity or low wages insufficient for a decent living standard, as well as insufficient social

¹⁸⁴ http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/People_at_risk_of_poverty_or_social_exclusion

assistance to families with children, are quoted as the main causes of this situation. Many countries' experiences indicate that the best results are achieved in countries that combine social assistance to families with children with measures to facilitate their parents' inclusion in the labour market.¹⁸⁵

- 3.3.52. The profile of the population at risk of poverty leads to several conclusions. Firstly, the negative correlation between education and the at-risk-of-poverty rate shows that education pays, as the highly-educated are rewarded by the labour market; hence, raising the population's educational attainment levels is a priority in combating poverty and social exclusion. Secondly, it is especially concerning that the material status of youth relative to the average for the overall population declined in 2012, as witnessed by the data on absolute poverty, which is attributed to the decline in their and their parents' labour market position. Thirdly, although women's position in the labour market is far less favourable than men's (see the section on employment and the labour market), men are at a somewhat higher risk of poverty than women, contrary to the usual findings in European Union Member States. Only highly educated women and those inactive excluding pensioners are at a higher risk of poverty than men.
- 3.3.53. Other population groups that may find themselves at an even greater disadvantage in the forthcoming period include all first-time jobseekers and the unemployed, as well as particularly vulnerable groups such as the Roma, persons with disabilities, refugees and internally displaced persons.
- 3.3.54. In the forthcoming period, state assistance to the population at risk of poverty should mitigate the occurrence of new poverty and contribute to preventing further deterioration of the status of the most vulnerable population groups. The impact of social transfers on reducing the risk of poverty is insufficient and significantly lower than in the European Union. In 2012, social transfers (excluding old-age and survivors' pensions) reduced the at-risk-of-poverty rate by 21.7%, while the effect in the European Union amounted to 34.4%.
- 3.3.55. With regard to research on poverty, in parallel with relative poverty assessments, monitoring absolute poverty according to the current methodology (absolute poverty line and household consumption), as well as monitoring other country-specific financial poverty indicators, should be continued. Monitoring absolute poverty is important in order to formulate poverty reduction policies targeting the population groups unable to meet the minimum needs for food and other expenditures, which might retain that status permanently, as well as to formulate social inclusion policies targeting particularly vulnerable groups (the Roma). One-off, in-depth social inclusion surveys targeting specific vulnerable groups, such as the Roma in substandard settlements, may be undertaken as needed.

¹⁸⁵ European Commission, Employment and social development in Europe, 2012.

4. Context and Trends in the Republic of Serbia

4.1. Functioning of the State Ruled by Law

LEGAL AND STRATEGIC FRAMEWORK IN THE REPUBLIC OF SERBIA

- 4.1.1. By the Constitution¹⁸⁶ the Republic of Serbia is defined as a state founded on the rule of law, which implies that all state authorities are bound by the Constitution and law. Submission of government to law, i.e. the principle of legality, is guaranteed by the relevant provisions of the Constitution on specific authorities, in particular the public administration. The Constitution regulates the overall organisation of government – the modality of election and spheres of competence of public authorities, authorities of autonomous territorial units and local governments (hereinafter also: public authorities); it is further regulated more specifically by laws and other relevant regulations.
- 4.1.2. Between 2011 and 2013, the following laws were amended: Law on the Election of Deputies, Law on the Government, Law on Ministries, Law on the Organisation of Courts, Law on Judges, Law on Public Prosecutors' Offices.¹⁸⁷ Further, regulations on the procedures conducted by various state authorities were passed or amended, for instance the Rules of Procedure of the National Assembly or laws governing judicial proceedings. The following new laws were passed: Criminal Proceedings Code, Law on Civil Proceedings, Law on Enforcement and Security, Law on Misdemeanours, while the Rules of Procedure of the National Assembly, Criminal Code and Law on the Constitutional Court were amended.¹⁸⁸ Amongst other things, the amendments to the Law on the Constitutional Court passed in 2011 should allow easier access to the right to compensation of material and non-material damage sustained as a result of a violation of constitutionally guaranteed rights against which a constitutional appeal may be filed. Amendments to the Law on Non-contentious Proceedings governing the ascertainment of the time and place of birth were passed, with a view to facilitating the registration of “legally invisible” individuals, for whom no solution was offered by the Law on Civil Registers.¹⁸⁹ The passage of a law on free legal aid is pending; it should ensure access to justice for more citizens, in particular vulnerable population groups.¹⁹⁰

¹⁸⁶ Official Gazette of RS, No 98/06.

¹⁸⁷ Law on the Election on Deputies (Official Gazette of RS, Nos 35/00, 57/03, 72/03, 18/04, 85/04, 85/05, 101/05, 104/09, 28/11 and 36/11); Law on the Government (Official Gazette of RS, Nos 55/05, 71/05 – corrigendum, 101/07, 65/08, 16/11, 68/12, 72/12 and 74/12); Law on Ministries (Official Gazette of RS, Nos 72/12 and 76/13); Law on the Organization of Courts (Official Gazette of RS, Nos 116/08, 104/09, 101/10, 31/11, 78/11, 101/11 and 101/13); Law on Judges (Official Gazette of RS, Nos 116/08, 58/09, 104/09, 101/10, 8/12, 121/12, 124/12 and 101/13); Law on Public Prosecutors' Offices (Official Gazette of RS, Nos 116/08, 104/09, 101/10, 78/11, 101/11, 38/12, 121/12 and 101/13).

¹⁸⁸ The following new laws were passed in the reporting period: Criminal Proceedings Code (Official Gazette of RS, Nos 72/11; 101/11, 121/12, 32/13 and 45/13); Law on Civil Proceedings (Official Gazette of RS, Nos 72/11, 49/13 and 74/13); Law on Enforcement and Security (Official Gazette of RS, Nos 31/11, 99/11 and 109/13); Law on Misdemeanours (Official Gazette of RS, No 65/13), while the following legal instruments were amended: Rules of Procedure of the National Assembly (consolidated version published in the Official Gazette of RS, No 20/12); Criminal Code (Official Gazette of RS, Nos 85/05, 88/05 – corrigendum, 107/05 – corrigendum, 72/09, 111/09, 121/12 and 104/13); Law on the Constitutional Court (Official Gazette of RS, Nos 109/07, 99/11 and 18/13).

¹⁸⁹ Law on Non-contentious proceedings (Official Gazette of SRS Nos 25/82 and 48/88 and Official Gazette of RS, Nos 46/95, 18/05, 85/12 and 22/13, see articles 71a-71n. For an analysis of the implementation of these provision and recommendations for improvement, see *Analiza primene Zakona o vanparničnom postupku – utvrđivanje vremena i mesta rođenja u praksi*, Praksis, 2013.

¹⁹⁰ Working Draft Law on Free Legal Aid <http://www.mpravde.gov.rs/files/Nacrt%20zakona%20o%20BPP-27.11.2013.doc> (accessed on February 13, 2014)

- 4.1.3. The National Judicial Reform Strategy and the National Anti-corruption Strategy were adopted in mid-2013, and the Public Administration Reform Strategy and the pertinent action plans – in early 2014.¹⁹¹ Despite announcements, a decentralisation strategy was not adopted.
- 4.1.4. The National Programme for the Adoption of the Acquis (NPAA) 2013–2016 foresees measures in the area of democracy and rule of law, concerning the Constitutions, National Assembly, Government, public administration (in the broader sense, including authorities of autonomous territorial units and local governments), election system, judiciary, anti-corruption system and defence reform.¹⁹² In the first six months of 2013, the fulfilment rate of the National Programme for the Adoption of the Acquis reached 85%¹⁹³, and the Plan for the First Revision of the National Programme for the Adoption of the Acquis was adopted in December 2013.¹⁹⁴ The National Plan for the Adoption of the Acquis 2014–2018 was adopted in July 2014.¹⁹⁵
- 4.1.5. **The Government adopted the Anti-discrimination Strategy 2013–2018**¹⁹⁶, devoted to prevention of discrimination and advancement of the status of nine vulnerable social groups most subject to discrimination (women, children, persons with disabilities, the elderly, persons of different sexual orientation or gender identity (hereinafter: lesbian, gay, bisexual, transgender and intersex persons), national minorities, refugees, internally displaced persons and members of other vulnerable migrant groups, persons whose health status may give rise to discrimination, members of small religious communities and religious groups).
- 4.1.6. In March 2013, the Government amended the Strategy for Development of Public Internal Financial Control in the Republic of Serbia¹⁹⁷ and extended the validity of its action plan until the end of 2014.
- 4.1.7. **The Action Plan for the Implementation of the National Judicial Reform Strategy**¹⁹⁸ defines **strategic goals**, strategic guidelines, measures and activities with the five principles laid down by the Strategy: independence, impartiality and quality of justice, competence, accountability and efficiency.
- 4.1.8. **The Government adopted the Action Plan for the implementation of the National Anti-corruption Strategy**¹⁹⁹, which foresees measures in the nine strategic fields: political activities, public finance, privatisation and public-private partnership, the judiciary, police, spatial planning and construction, health, education and sport, the media, as well as special anti-corruption measures.

¹⁹¹ National Judicial Reform Strategy 2013–2018 and National Anti-corruption Strategy in the Republic of Serbia 2013–2018 (both strategies published in the Official Gazette of RS, No 57/13); Republic of Serbia Public Administration Reform Strategy (Official Gazette of RS, No 9/14).

¹⁹² See pp. 14–39 of the NPAA. This Programme replaced the National Programme for Integration of the Republic of Serbia into the European Union 2008–2012, under which 88% of the planned legislation was adopted.

¹⁹³ See Report on the implementation of the National Programme for the Adoption of the Acquis (NPAA) for the first and second quarters of 2013 (January–June 2013), downloaded from: http://www.seio.gov.rs/upload/documents/nacionalna_dokumenta/npaa/npaa_januar_jun_2013.pdf (accessed on February 13, 2014)

¹⁹⁴ Downloaded from: http://www.seio.gov.rs/upload/documents/nacionalna_dokumenta/npaa/revizija_npaa.pdf (accessed on February 13, 2014)

¹⁹⁵ Government Conclusion 05 No: 337-8355/2014 as of July 31, 2014.

¹⁹⁶ Official Gazette of RS, No 60/13.

¹⁹⁷ Official Gazette of RS, No 23/13.

¹⁹⁸ Downloaded from: <http://www.mpravde.gov.rs/files/Akcioni-plan-za-sprovođenje-Nacionalne-strategije-reforme-pravosudja.pdf> (accessed on January 19, 2014).

¹⁹⁹ Downloaded from: <http://www.mpravde.gov.rs/files/akcioni-plan-protiv-korupcije-13-18-slglasnik.doc> (accessed on January 19, 2014).

STATE OF AFFAIRS IN THE AREA

- 4.1.9. **The Constitution of the Republic of Serbia is assessed as largely compliant with the European standards and good practices.** The main weaknesses of the Constitution are a result of its hasty adoption, almost with no public review, which compromised its legitimacy among citizens and resulted in numerous unclear and contradictory provisions.²⁰⁰ Amendments to the Constitution require a two-thirds majority vote and citizens' endorsement by referendum. As part of the European Union accession negotiations, the matter of aligning the Constitution with the *acquis* should be considered.
- 4.1.10. The principal weaknesses of the Constitution pertain to deputies' term of office being "tied" to political parties and the excessive role of the National Assembly in the appointment of judges.²⁰¹ The Constitution allows deputies to irrevocably put their term of office at the disposal of political parties, and this possibility has been abolished only by a law.²⁰² Direct or indirect influence of the National Assembly on the composition of the High Judicial Council and the fact that all judges are appointed by the National Assembly for their first three-year term of office present a serious threat of partisan influence on the judiciary, which provides sufficient rationale for amending the constitutional provisions on the appointment of judges.²⁰³
- 4.1.11. **Between 2011 and 2013, the National Assembly passed 482 laws.** In 2011, 45% of the laws were considered in accelerated procedure, in 2012 this rate increased to 68%, and in 2013 it decreased to 40%.²⁰⁴ In the reporting period, most laws (over 90%) were proposed by the Government.²⁰⁵ There is room for strengthening the possibilities to influence the contents of legislation prior to its introduction before the National Assembly.²⁰⁶
- 4.1.12. Parliamentary oversight of the executive branch is still insufficiently visible and intensive, although the practice of Government members' presence at parliamentary sittings and regular monthly question periods. All deputies' questions, voting records and transcripts of stenographic notes of plenary sessions, as well as session webcasts, are available on the National Assembly's

²⁰⁰ Opinion on the Constitution of Serbia, European Commission for Democracy through Law (Venice Commission), CDL-AD(2007)004, March 2007, downloaded from [http://www.venice.coe.int/webforms/documents/?pdf=CDL-AD\(2007\)004-e_serbia.doc&ei=ugnbUuG2FMnp4gSDtYGoBg&usg=AFQjCNGLLK43W7gjQQaQF1D7XZvNK4gilw&bvm=bv.59568121.d_bGE](http://www.venice.coe.int/webforms/documents/?pdf=CDL-AD(2007)004-e_serbia.doc&ei=ugnbUuG2FMnp4gSDtYGoBg&usg=AFQjCNGLLK43W7gjQQaQF1D7XZvNK4gilw&bvm=bv.59568121.d_bGE) (accessed on January 18, 2014). In particular, see paragraphs 5 and 104 of the Opinion.

²⁰¹ In addition, domestic professional organisations have pointed to the fact that the attained level of human rights, established by the Charter on Human and Minority Rights and Civil Liberties of the State Union of Serbia and Montenegro from 2003, was lowered by the Constitution from 2006. On this matter, see e.g. *Komentar godišnjeg izveštaja Evropske komisije o napretku Srbije 2013*, Beogradski centar za ljudska prava, downloaded from <http://www.bgcentar.org.rs/bgcentar/wp-content/uploads/2013/12/KLJP-Komentar-godisnjeg-izvestaja-EK-o-napretku-Srbije-2013.pdf>, accessed on January 20, 2014.

²⁰² Amendments to the Law on the Election of Deputies (Official Gazette of RS, No 36/11) were passed in May 2011; *inter alia*, Article 88, governing deputies' resignation from office, was amended.

²⁰³ See paragraph 106 of the Opinion of the Venice Commission. In a similar vein, these issues are identified in the National Judiciary Reform Strategy, which foresees the establishment of a designated working sub-group tasked with the formulation of a proposal for amendments to the constitutional provisions governing these matters (p. 6 of the Strategy).

²⁰⁴ In his opinion on the Draft Second Report on Social Inclusion and Poverty Reduction in the Republic of Serbia, the Ombudsman expressed his concern due to "a lack of expert, public and institutional debate and transparency in the adoption of laws" and invited the relevant bodies to observe the regulations on legislative procedures. Moreover, the Ombudsman states that "it is necessary to adopt shortly the guidelines/regulations for involvement of civil society organizations and a wider public in decision making processes, based on clear criteria".

²⁰⁵ See *Pregled aktivnosti Narodne skupštine Republike Srbije u 2011. godini* (downloaded from <http://www.parlament.gov.rs/upload/documents/statistics/cir/2011.%20godina.pdf>, accessed on January 18, 2014), *Pregled aktivnosti Narodne skupštine Republike Srbije u 2012. godini* (downloaded from <http://www.parlament.gov.rs/upload/documents/statistics/cir/2012.%20godina.pdf>, accessed on 18 January 2014) and *Pregled aktivnosti Narodne skupštine Republike Srbije u 2013. godini* (downloaded from <http://www.parlament.gov.rs/upload/documents/statistics/cir/2013.%20godina.pdf>, accessed on 23 May 2014).

²⁰⁶ See e.g. *Kako poslanici donose zakone? Analiza zakonodavne aktivnosti u Narodnoj skupštini Republike Srbije – drugi izveštaj*, February 2013, Otvoreni parlament, downloaded from <http://otvoreniparlament.rs/wp-content/uploads/2012/10/Kako-poslanici-donose-odluke-celo-istrazivanje.pdf>, accessed on January 20, 2014.

website, which contributes to the transparency of its work. From November 2012 to the end of 2013, 45 public hearings were held, with participation of experts, civil society representatives and citizens. The Resolution on the Role of the National Assembly and Principles in the Negotiations on the Accession of the Republic of Serbia to the European Union was adopted in December 2013; it highlights the need for all relevant parliamentary committees to become involved in monitoring the negotiations, with the European Integration Committee in the coordination role, and defines the modalities of communication between the Government and the National Assembly with regard to the negotiations.²⁰⁷

- 4.1.13. **Parliamentary committees developed a more proactive approach to considering legal proposals.**²⁰⁸ In 2013, an informal green parliamentary group was formed by 18 deputies from eight political parties, a women's parliamentary network was established, as well as an informal parliamentary group for the advancement of the status and quality of life of persons with disabilities.
- 4.1.14. **The election system at all levels remained unchanged** – proportional representation at the national and local levels and mixed at the provincial level, with special legislation governing elections at each level of government. For years, the proportional representation system has caused uneven geographical distribution of deputies; thus, there are cities and municipalities that have never had a deputy in the National Assembly.²⁰⁹ This electoral system generates similar effects at the local level as well.²¹⁰
- 4.1.15. **The single electoral roll was first used in the 2012 parliamentary and presidential elections;** however, owing to delays in its establishment, the transparency of data collection was lower and some data ambiguities occurred.²¹¹ Although a solid legal framework for **electoral campaign funding** was introduced in 2011, serious violations of the law were identified in the last elections, and fast and efficient oversight of expenditures was missing.²¹²
- 4.1.16. By amending its Rules of Procedure in 2012, the Government improved the framework for consultations in the development of legislation and strategic documents, although its implementation still requires improvement.²¹³ Clearer criteria for mandatory public review of draft laws were set, the duration of public review was extended, the possibility of public review of other Government instruments was introduced and mandatory impact assessment was prescribed for legislation. **The Guidelines for Involving Civil Society Organizations in the Regulation Adoption Processes** have been adopted²¹⁴ with the aim to establish principles and general criteria for cooperation between public authorities and stakeholders in regulation adoption

²⁰⁷ Downloaded from: http://www.parlament.gov.rs/upload/archive/files/cir/pdf/ostala_akta/2013/RS95-13.pdf (accessed on February 13, 2014).

²⁰⁸ The European Commission's Serbia 2013 Progress Report, p. 7.

²⁰⁹ *Analiza teritorijalne zastupljenosti u parlamentu*, *Otvoreni parlament*, downloaded from <http://www.otvoreniparlament.rs/aktuelnosti/srbija-u-parlamentu/>, accessed on January 20, 2014.

²¹⁰ Josipović, R., Radić-Milosavljević I., Jerinić, J. (2012), *Studija o funkcionisanju lokalnih skupština u Srbiji*, UNDP, an unpublished study developed as part of the UNDP/SDC project "Strengthening the Oversight Function and Transparency of the Parliament".

²¹¹ OSCE/ODIHR Limited Election Observation Mission Final Report, July 2012, p.2, downloaded from <http://www.osce.org/odihr/92509>, accessed on January 18, 2014.

²¹² See First Report on Oversight of Political Entities 2012 Election Campaigns Cost, Anti-corruption Agency – http://www.acas.rs/sr_lat/finansiranje-politickih-subjekata.html (accessed on February 13, 2014) and *Transparentnost finansiranja izbornih kampanja*, *Transparentnost Srbija*, Belgrade, 2013 – <http://www.transparentnost.org.rs/images/stories/materijali/31072013/TRANSPARENCY%20SRB.pdf>, accessed on 18 January 2014.

²¹³ *Javne rasprave u Republici Srbiji – analiza pravnog okvira i prakse*, *Transparentnost Srbija*, Belgrade, 2013, http://www.transparentnost.org.rs/index.php?option=com_content&view=article&id=287%3Ajavne-rasprave-u-republici-srbiji-analiza-pravnog-okvira-i-prakse&catid=14%3Avesti&lang=sr, accessed on January 19, 2014.

²¹⁴ Government Conclusion 05 No: 011-8872/2014 as of August 26, 2014.

procedures, to ensure their effective and efficient implementation. **The implementation of legislation still does not receive sufficient attention**; in addition, adequate horizontal and, in particular, vertical coordination in policy development is often missing. The adoption of the by-laws required for the implementation of the passed laws is often delayed.²¹⁵

- 4.1.17. **The process of “re-appointment” of judges and prosecutors was finalised before the Constitutional Court in 2012.** By several grouped decisions, the Constitutional Court upheld the appeals of all judges, public prosecutors and deputy public prosecutors who had not been re-appointed, which resulted in their appointment, i.e. reinstatement²¹⁶, thus increasing the total number of judges and prosecutors.²¹⁷ **A reshuffled court network has been in operation since the beginning of 2014**, and the most substantial change is the increased number of basic courts and basic prosecutors' offices.²¹⁸ **Courts face a large backlog of cases, and many court proceedings are not completed within a reasonable time.**²¹⁹ Many applications to the European Court of Human Rights against Serbia still concern excessive length of proceedings. A notable problem in that respect is the increasing inflow of cases in the Administrative Court, as this is the only court with jurisdiction in administrative matters.
- 4.1.18. **In late 2013, the Register of Persons Employed, Elected, Appointed and Engaged in the Public Sector**²²⁰ **was established**, it is kept in the electronic form by the Treasury Administration under the Ministry of Finance. Restrictions on the maximum number of employees and a hiring freeze are still in force; in addition, as of the beginning of 2014, a decrease of net amount is levied on public sector salaries in excess of a certain threshold.
- 4.1.19. In addition to state authorities, numerous other organisations conducting specific administrative affairs exist at the national level. There is no catalogue of those organisations, or a detailed specification of the affairs conducted by them, i.e. a comparison with the affairs conducted by state authorities.²²¹
- 4.1.20. **A new Law on the General Administrative Procedure**, applied by all authorities in making decisions on citizens' or legal entities' individual rights, obligations and interests, has not been passed yet.
- 4.1.21. Public procurement legislation was amended substantially in late 2012, with a view to enhancing efficiency and preventing corruption.²²²
- 4.1.22. The position of the independent authorities overseeing the executive authorities has been strengthened compared to the previous period, but it is essential to ensure that the National Assembly and the Government act upon their initiatives and recommendations. The independent authorities and bodies elected or appointed by the National Assembly regularly submit annual

²¹⁵ With regard to European standards, lack of policy coordination was identified in the European Commission's Serbia 2013 Progress Report, e.g. on pp. 8, 10, 26, 70 etc. On delays in the adoption of by-laws, see e.g. *Barometar propisa*, NALED, <http://barometar.naled-serbia.org>, accessed on January 20, 2014.

²¹⁶ For more details, see Rakić-Vodinelić, V., Knežević Bojović, A., Reljanović M. (2012), *Reforma pravosuđa u Srbiji 2008–2012*, Belgrade, Pravni fakultet Univerziteta Union u Beogradu and JP Službeni glasnik. Over 300 judges and 122 prosecutors and deputy prosecutors were reinstated.

²¹⁷ According to the records of the High Judicial Council, towards the end of 2012 the number of judges totalled 2939. Downloaded from: <http://www.vss.sud.rs/doc/izvestaji/Izvestaj-o-radu-VSS-2012.pdf>, accessed on January 18, 2014.

²¹⁸ Law Amending the Law on the Organisation of Courts (Official Gazette of RS, No 101/13).

²¹⁹ For several years, the backlog in courts of general and special jurisdiction has been in excess of three million cases (the datum from the National Judicial Reform Strategy). On the length of judicial proceedings, see Petrović, V., Joksimoć, V., *Ljudska prava u Srbiji 2012* (2013), Beogradski centar za ljudska prava, Belgrade, p. 162. This matter is also discussed in the National Judicial Reform Strategy, whose priorities include addressing the case backlog and finalising cases within a reasonable time.

²²⁰ Official Gazette of RS, No 76/13.

²²¹ See Public Administration Reform Strategy, paragraph III.A.1.

²²² SIGMA Assessment Serbia 2013, downloaded from: http://www.sigmaweb.org/publications/SerbiaAssessment_2013.pdf, accessed on January 19, 2014.

reports, which are discussed by parliamentary committees and in plenary sessions. It has been assessed that the National Assembly takes their conclusions and recommendations into account to a limited extent, and that the Government and other state authorities act similarly.²²³

- 4.1.23. In their annual and special reports, independent authorities focus in particular on the status of vulnerable social groups. The appeals by members of vulnerable populations (children, persons with disabilities, the elderly, national minority members, persons deprived of liberty, including appeals in the field of gender equality) to the Ombudsman accounted for some 32% of the total number of received appeals in 2011, 35% in 2012, 27% in both 2013 and 2014 (by July 31, 2014). However, the number of recommendations referring to the rights of vulnerable groups of population, as a rule, accounts for the majority of recommendations issued by the Ombudsman annually.²²⁴ The violations of rights alleged in complaints in the sphere of gender equality most frequently pertained to social protection. The number of domestic violence cases was high, as was the number of violations of rights of marginalised groups of women and lesbian, gay, bisexual, transgender and intersex persons, and the number of complaints filed by pregnant women and recent mothers alleging omissions in healthcare increased considerably. In the sphere of social protection, complaints were filed by members of the most vulnerable groups in need of social assistance, whose very subsistence was often jeopardised; the Ombudsman pointed out to authorities and social protection institutions that above-average efforts were required in conducting procedures and making decisions on the rights of the said individuals in order to act efficiently, in a timely manner and within a reasonable time. The Ombudsman recommended to the ministry competent for social policy to exercise its oversight powers in respect of centres for social work in a timely, legal and efficient manner and to undertake measures towards protecting the rights of vulnerable social groups with particular attention.²²⁵
- 4.1.24. According to the Ombudsman's assessment, the measures adopted by the Government under the Strategy for Advancing the Status of the Roma in the Republic of Serbia partly contributed to providing the legislative basis for remedying the consequences of the long-standing unfavourable social status of the Roma, but not to achieving the set strategic goals. The achieved results failed to remove the obstacles for the social and economic integration of the Roma and to provide the full legislative basis for the implementation of long-term poverty reduction measures and achievement of substantive equality by Roma citizens. The affirmative actions foreseen by the Constitution were not sufficiently elaborated and were not implemented as a means for addressing the extremely unfavourable social and economic status of the Roma, which caused their substantive inequality.²²⁶
- 4.1.25. In his reports, the Commissioner for Information of Public Importance and Personal Data Protection indicated that the Government had not yet adopted a decree on the protection of the "particularly sensitive data" (data on national or religious affiliation, political affiliation, sexual orientation, health status etc.). The time limit for the adoption of the decree expired in May 2009. The Commissioner highlighted that, in the absence of concrete guarantees, it was clear that the

²²³ On this matter, see the European Commission's Serbia 2013 Progress Report, pp. 8 and 10; Petrović et. al. (2013), p. 50. In a similar vein, *Komentar godišnjeg izveštaja Evropske komisije o napretku Srbije 2013* states that the National Assembly failed to implement any of the 27 Constitutional Court decisions in 2013.

²²⁴ The recommendations referring to vulnerable groups in 2011 accounted for 60% of the total number of recommendations issued in that year. The percentage was 68% in 2012, 61% in 2013 and 59% in 2014 (ending July 31, 2014). It is evident that the level of execution of Ombudsman's recommendations in the field of advancing the protection and rights of national minorities is considerably lower (never higher than 40%) in comparison to the recommendations relating to other vulnerable groups, even though they largely refer to the collective rights of national minorities and therefore to a large proportion of citizens.

²²⁵ See in particular pp. 83, 172, 179 of the Annual Report of the Ombudsman 2012.

²²⁶ Report on the Implementation of the Strategy for Improvement of Status of the Roma in the Republic of Serbia, downloaded from: http://www.ombudsman.rs/attachments/3115_IZVESTAJ%20ZG%20O%20SPROVODJENJU%20STRATEGIJE.pdf (accessed on February 14, 2014).

legally guaranteed special protection of these data was still merely an empty proclamation and that, at the same time, the fulfilment of the relevant express obligations assumed under the Council of Europe Convention 108 was precluded.²²⁷

- 4.1.26. Among the complaints filed to the Commissioner for the Protection of Equality, most alleged discrimination on the grounds of disability, national affiliation/ethnic background, sex, religious and political convictions, age, membership in political, trade union or other organisations, marital and family status. Most complaints concerned discrimination in the sphere of labour and employment, discrimination in procedures before public authorities, in education and training, provision of public services and use of structures or areas.²²⁸
- 4.1.27. **The composition and mandate of the National Decentralisation Council were changed by the Government.** The Council is tasked with coordinating the development of a draft decentralisation strategy in collaboration with the line ministry, which should submit it to the Government for adoption.
- 4.1.28. **The Law on Public Property²²⁹ was adopted;** it regulates the constitutionally guaranteed right of autonomous provinces and local governments to public property. Its implementation showed that the transfer of title proceeded slowly, partly owing to the inconsistent legal framework, and partly owing to inadequate organisational and technical capacities. The property inventory presented a particular problem.²³⁰
- 4.1.29. The Constitutional Court assessed many provisions of the two key instruments governing the status of the Autonomous Province of Vojvodina as unconstitutional. In 2012, the Constitutional Court repealed the provisions of Article 22 of the Law Establishing the Competences of the Autonomous Province of Vojvodina, most of which concerned the establishment of province competences in various areas (for instance, agriculture, environmental protection, social protection, science and technological development, local government).²³¹ In 2013, the Constitutional Court found that the provisions of as many as 41 articles (out of 70) of the Statute of the Autonomous Province of Vojvodina were unconstitutional and unlawful; however, it deferred the publication of its decision in the Official Gazette, and thus also its entry into force, for six months, thus allowing the competent authorities to align the provisions of the Statute with the Constitution and laws. Repealing these provisions would compromise the functioning of the province and the exercise of citizens' right to province autonomy.
- 4.1.30. In addition to the Constitutional Court decisions on the unconstitutionality and unlawfulness of the Statute of the Autonomous Province of Vojvodina and the Law establishing its competences, the financing modality remains a key issue. A law on financing the Autonomous Province of Vojvodina has not been passed. In November 2013, the Assembly of the Autonomous Province of Vojvodina adopted a platform for the development of a law on financing Vojvodina and talks on the subject between the central and provincial governments were subsequently initiated.²³²
- 4.1.31. **The local government system remains unchanged – single-tier and almost entirely single-type.** The planned amendments to the Law on Local Government will not substantially change

²²⁷ Report on the Implementation of the Law on Free Access to Information of Public Importance and the Law on Personal Data Protection 2012, p. 6.

²²⁸ Annual Report of the Commissioner for the Protection of Equality 2013, p. 8, downloaded from: <http://www.ravnopravnost.gov.rs/images/files/Poverenik%20za%20zastitu%20ravnopravnosti%20-%20Izvestaj%202013.pdf>, accessed on June 2, 2014.

²²⁹ Official Gazette of RS, Nos 72/2011 and 88/2013.

²³⁰ On this matter, see *Metodologija popisa i upisa imovine jedinica lokalne samouprave* (2012), Council of Europe Office in Belgrade, downloaded from: [http://www.coe.org.rs/PEOCITOPY/2666_metodologija_popisa_i_upisa_imovine_\(za_sajt\).pdf](http://www.coe.org.rs/PEOCITOPY/2666_metodologija_popisa_i_upisa_imovine_(za_sajt).pdf), accessed on January 17, 2014.

²³¹ Constitutional Court Decision IUz No 353/2009 (Official Gazette of RS, No 67/12).

²³² See <http://www.skupstinavojvodine.gov.rs/Ctrana.aspx?s=sednice&id=118&t=z&j=CPL> (accessed on January 19, 2014).

the local government system.²³³ The ratification of the remaining articles of the European Charter of Local Self-government is under consideration.

- 4.1.32. Although it was foreseen by the Government's annual work programmes in the past ten years, a law on the status of employees in provincial and local authorities has not been passed. The law from 1991 still applies to their employment relationships by analogy. In the meantime, the Constitutional Court repealed the decision of the Assembly of the Autonomous Province of Vojvodina that attempted to regulate these matters in respect of provincial servants.²³⁴
- 4.1.33. **Regulations allowing monitoring telephone records and movement without a court order were amended.** The procedure for oversight of security services by the competent parliamentary committee was defined more clearly. The Law on Detective Activities and the Law on Private Security Services were passed in 2013, while the amendments to the Law on the Police were passed in 2011 without a public review.²³⁵ A law on access to security files should be passed.
- 4.1.34. **The Republic of Serbia is still a country plagued by widespread corruption,** although the corruption perception index increased only slightly.²³⁶ The recommendations of the Council of Europe Group of States against Corruption from 2012 concerned two themes: criminalisation of corruption in the Criminal Code and transparency of political party funding.²³⁷ The National Anti-corruption Strategy sets the overarching goal of eliminating corruption, as a barrier to the economic, social and democratic development of the Republic of Serbia, to the greatest extent possible.
- 4.1.35. **The proportion of women in authorities, in particular among holders of public office, remains insufficient.** In the cabinet appointed in 2014, only four women (21%) hold public office, while there are 84 women (33.73%) in the National Assembly after the 2014 elections.
- 4.1.36. Although equal participation in public affairs and access to public office are guaranteed by the Constitution, **no detailed data or analyses are available on the proportion of members of national minorities in authorities,** in particular at the national level, as the law does not regulate the manner and obligation of maintaining records on the nationality of persons employed in public administration.

MEASURES AND PROGRAMMES

- 4.1.37. **As part of the project “Strengthening the Oversight Function and Transparency of the Parliament”,** the practice of regular public hearings has been introduced and an electronic public expenditures tracking system is being established. The project, worth USD 1.2 million, is implemented by the United Nations Development Programme.²³⁸
- 4.1.38. **Under the project “Improvement of efficiency and transparency of the judiciary system” (IPA 2007), worth EUR 2.3 million,** the standardised SAPS software was implemented in courts of general jurisdiction, the Supreme Court of Cassation, the Administrative Court and the Higher and Basic Courts in Sremska Mitrovica. The software should be implemented in other courts as

²³³ See Proposed text of the Draft Law Amending the Law on Local Government, <http://www.mrrls.gov.rs/sites/default/files/attachment/Nacrta%20Zakona%20o%20izmenama%20i%20dopunama%20Zakona%20o%20lokalnoj%20samoupravi%20preciscen%20tekst.pdf>, accessed on January 18, 2014.

²³⁴ Constitutional Court Decision No IUo-2/2009.

²³⁵ *Nalazi Koalicije “PrEUgovor” o napretku Srbije ka EU* (2013), downloaded from: http://bezbednost.org/upload/document/izvestaj_koalicije_preugovor_o_napretku_srbije_u_p.pdf, accessed on January 20, 2014.

²³⁶ *Pomak Srbije na listi Transparency International*, downloaded from: <http://www.transparentnost.org.rs/images/stories/materijali/03122013/CPI%20saopstenje.doc>, accessed on January 19, 2014.

²³⁷ [http://www.mpravde.gov.rs/files/Greco%20PC-III%20\(2012\)%20CPP.doc](http://www.mpravde.gov.rs/files/Greco%20PC-III%20(2012)%20CPP.doc)

²³⁸ Project “Strengthening the Oversight Function and Transparency of the Parliament”, UNDP, <http://www.parlament.gov.rs/активности/међународна-сарадња/партнери.348.html>

well; software implementation in public prosecutors offices and the institutions under the Administration for the Enforcement of Penal Sanctions is also under way.

- 4.1.39. The project “**Implementation of Anti-discrimination Policies in Serbia**” (IPA 2011), worth EUR 2.2 million, should facilitate strengthening various mechanisms for the efficient implementation of anti-discrimination legislation and provide training to relevant state institutions' representatives.
- 4.1.40. Under the project “**Technical Assistance for Roma Inclusion**” (IPA 2012), worth EUR 4.8 million, a mechanism for coordinated delivery of local services is being piloted in 20 local government units and the number of the “legally invisible” Roma is being decreased. The project supports improving the status of the Roma through six components: access to fundamental rights, introduction of mobile teams, strengthening the capacities of civil society organisations, drop-out prevention programmes, improving housing conditions and sustainable employment.

CONCLUSIONS

- 4.1.41. The period 2011–2013 saw an acceleration in the fulfilment of commitments to the European Union and the implementation of the measures foreseen by national strategic documents. Many regulations were adopted, but adequate monitoring of their implementation was still missing, as well as coordination in policy making and implementation.
- 4.1.42. Some of the key points identified in the First National Report on Social Inclusion and Poverty Reduction in the Republic of Serbia remained priorities in this reporting period. This is particularly true of the judiciary and parliamentary oversight of the executive branch, high level of centralisation and absence of substantive public consultation in policy making and implementation.
- 4.1.43. **Transparency in the work of public authorities was enhanced**, notable examples being the National Assembly and the Government.
- 4.1.44. **Perceived corruption remained high**. A more proactive approach on the part of oversight authorities is required with respect to oversight of political activities funding. The implementation of more extensive measures foreseen by the National Anti-corruption Strategy is expected in the forthcoming period.
- 4.1.45. **The status of independent oversight authorities was strengthened relative to the previous period**, but more expeditious response of the key authorities to independent authorities' initiatives and recommendations was missing.
- 4.1.46. The proportion of women and members of national minorities in authorities, especially in the executive branch, is inadequate.

LINES OF ACTION

- 4.1.47. It is necessary to identify possible amendments to the Constitution and assess whether a partial or comprehensive revision of the Constitution is required.
- 4.1.48. A decentralisation strategy should be adopted, defining clearly the status of autonomous provinces and local governments, including financing modalities.
- 4.1.49. It is essential to improve the practice of public consultation and policy impact assessment through more detailed regulation of mandatory consultation, more active involvement of a wider range of stakeholders and extension of the duration of consultations.

- 4.1.50. Mechanisms should be defined and measures launched to clear the backlog of court cases and reduce the length of proceedings.
- 4.1.51. It is essential to ensure that the Government, within its jurisdiction for overseeing the execution of laws and the work of public administration and statutory bodies, looks after the execution of recommendations issued by independent state bodies and report to the National Assembly thereof; the National Assembly should oversee the work of the Government in this respect.
- 4.1.52. Effective mechanisms for horizontal and vertical coordination in policy making and implementation are required.
- 4.1.53. Measures should be taken to reduce political influence on the judiciary and improve the efficiency of the judiciary.
- 4.1.54. A multi-tier administrative court system should be established.
- 4.1.55. The territorial organisation and local government system should be modified by introducing regional structures and multi-tier, multi-type local government.

4.2. Macroeconomic and Fiscal Framework and Economic Development

LEGAL AND STRATEGIC FRAMEWORK IN THE REPUBLIC OF SERBIA

- 4.2.1. In early 2011, the Government adopted the **Programme of Measures for Alleviating Adverse Effects of the Global Economic Crisis in the Republic of Serbia for 2011**.²³⁹ The 2011 budget earmarked a total of 7 billion RSD for the programme's implementation. The Programme represents the continuation of measures launched in 2010 which were designed to mitigate consequences of the global economic crisis through the extension of loans to the business sector and households at subsidized interest rates.
- 4.2.2. In April 2011, the Republic of Serbia effectively **brought to an end the arrangement with the International Monetary Fund** (hereinafter: the IMF) brokered in 2009, within which a total of 1.52 billion EUR was used out of the total available funds (2.9 billion EUR). Given the effects of the global financial crisis on the economy of the Republic of Serbia, as well as the effects of the Government's economic policy, and with a view towards endorsing the Government's economic programme and sustaining macroeconomic stability, a precautionary stand-by arrangement was concluded with the IMF in September 2011.²⁴⁰ The finalization of the first revision was postponed as the budget for 2012 deviated from the agreed fiscal programme. The aforementioned precautionary "stand-by" arrangement was not activated, and it expired in March 2013.²⁴¹ The IMF mission started technical negotiations on a new precautionary arrangement with the Government in early 2014. Negotiations were planned to resume after the formation of the new government following elections in March 2014.²⁴²
- 4.2.3. **The Government adopted recommendations for banks in mid-2011**²⁴³ with a view towards temporarily reducing the burden of loan repayment on households and helping the economy to overcome the problem of illiquidity. Banks were urged to allow credit beneficiaries to reschedule

²³⁹ Official Gazette of RS, No 01/11.

²⁴⁰ European Commission (2012): Serbia 2012 Progress Report, taken from: http://www.seio.gov.rs/upload/documents/eu_dokumenta/godisnji_izvestaji_ek_o_napretku/izve%C5%A1taj_napretku_2012.pdf, June 2, 2014.

²⁴¹ Ibid.

²⁴² <http://www.srbija.gov.rs/vesti/vest.php?id=206769>

²⁴³ <http://www.srbija.gov.rs/vesti/vest.php?id=155023>

their debts by approving a grace period (of up to two years for households and up to one year for the business sector) during which only interest would be paid, while the deadline for the loan repayment would be extended by the same period.

- 4.2.4. The Government adopted the **Regulation on Requirements and Means for Attracting Direct Investment**²⁴⁴ in 2011, which fosters investments that have a beneficial impact on creating new jobs, transferring new skills and technologies, balancing regional development and reinvigorating devastated areas and areas of special concern, in particular investments in the automotive, electronics, information and telecommunication technology and tourism industries.
- 4.2.5. The Republic of Serbia signed the **Free Trade Agreement with EFTA Countries**²⁴⁵ in 2009. Exports to this trade area market were based on clauses addressing asymmetrical preferential conditions for exports until 2014. Bilateral agreements between EFTA countries and the Republic of Serbia on trade in agricultural products will constitute an integral part of the free trade act. On the basis of the Free Trade Agreement with the Russian Federation, the Protocol on Further Liberalization of Free Trade was signed, exempting from customs 98% of trade. Free trade agreements were also signed with the Republic of Turkey, the Republic of Belarus and the Republic of Kazakhstan. Over the past period a series of laws were adopted²⁴⁶ that have formed the legal basis for harmonising the area of doing business with foreign countries with the regulations of the EU and the World Trade Organization.
- 4.2.6. The adoption of the **Law on the Central Registry of Compulsory Social Insurance**²⁴⁷ – as well as the Regulation on the Contents, the Form and the Way of Submitting a Single Application for Compulsory Social Insurance, Uniform Methodological Principles and the Original Code of Ciphers for Entering Data into the Integral Base of the Central Registry of Compulsory Social Insurance²⁴⁸ – streamlined the registration and termination of health insurance, unemployment insurance and pension and disability insurance for the employed. The adoption of this Law aims to overcome numerous problems inherent in the collection system for social insurance contributions given that collection control is insufficiently efficient.
- 4.2.7. The Law on the Funding of Local Self-Government was amended in 2011 and 2012²⁴⁹, while in 2013 the Law on Personal Income Tax²⁵⁰ and the Law on Contributions for Compulsory Social Insurance²⁵¹ were also amended, with significant impact on the fiscal balance between the central and local levels of government. Amendments to the 2011 Law on the Funding of Local Self-Government seriously affected the fiscal balance between the central and local levels in raising the percentage of tax income allocated to local self-government units from 40% to 80% (and to 70% for the City of Belgrade), while the sum of block transfers was cut in accordance with the development level of each individual local self-government unit. The amendments of 2012, which lifted the so-called parafiscal charges, led to a reduction of local government budgets. Amendments to the Law on Personal Income Tax and the Law on Contributions for Compulsory Social Insurance eliminated the fiscal imbalance between the central and local levels of

²⁴⁴ Official Gazette of RS, Nos 42/11, 46/11 and 84/11.

²⁴⁵ <http://siepa.gov.rs/sr/index/sporazumi/fta.html>

²⁴⁶ Law on Foreign Trade (Official Gazette of RS, Nos 36/09 and 36/11), Law on Amendments to the Law on Foreign Trade (Official Gazette of RS, No 88/11), Law on Customs Tariff (Official Gazette of RS, Nos 62/05, 61/07 and 05/09), Law on Technical Requirements for Products and Compliance Evaluation (Official Gazette of RS, No 36/09), and Law on Standardization (Official Gazette of RS, No 36/09).

²⁴⁷ Official Gazette of RS, No 30/10.

²⁴⁸ Official Gazette of RS, Nos 54/10 and 124/12.

²⁴⁹ Official Gazette of RS, Nos 47/11 and 93/12.

²⁵⁰ Official Gazette of RS, No 47/13.

²⁵¹ Official Gazette of RS, Nos 47/13 and 108/13.

government. The amendment to the Law on Personal Income Tax lowered the earnings tax rate from 12% to 10%, while the amendment to the Law on Contributions for Compulsory Social Insurance raised the rate of employee contributions to pension and disability insurance from 11% to 13%. Most local governments seek limited guidance on the new measures, while the Commission for the Funding of Local Self-government does not play its legally prescribed role.²⁵²

- 4.2.8. The Government defines the main development priorities and methodologies for industry in the Republic of Serbia in the **Industry Development Strategy and Policy of the Republic of Serbia 2011-2020**.²⁵³ The Republic of Serbia's primary strategic development objective is the sustainable and dynamic development of industry that is able to fit into the single EU market and withstand competitive pressure from its Member States. The industrial policy delineated in this strategic document involves reinvigorating, restructuring, developing and boosting the competitiveness of industry towards output, productivity and export growth in all the areas of manufacturing.
- 4.2.9. The **Draft Strategy for Entrepreneurship and Development of Competitiveness** (2014-2020) has been developed, with the goal of establishing a favourable business environment, achieving faster overall growth, developing small and medium-sized enterprises and entrepreneurship (hereinafter: SMEE), boosting entrepreneurial skills and initiatives, increasing the share of products with a higher processing phase and greater value added, developing complete chains of supply and production and promoting more balanced regional SMEE development.
- 4.2.10. In order to mitigate effects of the second wave of the global economic crisis on the economy of the Republic of Serbia, which started in the second half of 2011, **the Government undertook a series of short-term, anti-crisis economic policy measures in 2012** to cut public consumption, reduce the burden on the economy and alleviate the effects of the economic crisis. Measures included **assistance to agriculture**²⁵⁴, as well as a **7 billion RSD programme of measures for alleviating the adverse effects of the economic crisis**.²⁵⁵ The programme includes a 2.5 billion RSD package of credit support for the economy to be channelled through the Development Fund of the Republic of Serbia, as well as approximately 600 billion RSD in assistance for domestic companies involved in producing trucks²⁵⁶, buses²⁵⁷ and tractors.²⁵⁸
- 4.2.11. **The Programme of Austerity Measures**²⁵⁹ was adopted in 2012 to lower the budget deficit in the future period to the level envisaged by the Law on the Budget of the Republic of Serbia for 2012.²⁶⁰ The Programme sought to abandon the concept of own-source revenues and classify all

²⁵² EC Serbia 2013 Progress Report, p. 9.

²⁵³ Official Gazette of RS, No 55/11.

²⁵⁴ The set of measures comprises three programmes of subsidies and assistance to agriculture: the programme of distribution and usage of funds and subsidies in the area of agriculture, forestry and water management for 2012; the programme of distribution of subsidies for the stimulation of agricultural production and the programme of distribution of funds through the Fund for the Stimulation of Development of Agricultural Production for 2012. Funds earmarked through these programmes for agriculture totalled 10.8bn RSD. Taken from: <http://www.srbija.gov.rs/vesti/vest.php?id=165889>, June 2, 2014.

²⁵⁵ <http://www.srbija.gov.rs/vesti/vest.php?id=165889>

²⁵⁶ Regulation on conditions and means to promote production, overhaul and the sale of construction machines, production and the sale of heavy goods vehicles and specialized attachments to truck chassis, and realization of a subsidized purchase of heavy goods vehicles produced in the Republic of Serbia through the exchange of old with new in 2012 (Official Gazette of RS, No 02/12).

²⁵⁷ Regulation on conditions and means to promote production, sale and realization of a subsidized purchase of buses produced in the Republic of Serbia in 2012 (Official Gazette of RS, No 02/12).

²⁵⁸ Regulation on conditions and means to promote production and sale of tractors and attachment machines for tractors in the Republic of Serbia in 2012 (Official Gazette of RS, No 02/12).

²⁵⁹ <http://www.srbija.gov.rs/vesti/vest.php?id=169810>

²⁶⁰ Official Gazette of RS, No 101/11.

revenues of budget beneficiaries as general budget revenues, with savings on account of expenditures, a modification of some tax policies on account of revenues, limitations to project borrowing with domestic creditors and the issuing of guarantees to domestic creditors.

- 4.2.12. The Government adopted the **Programme of Anti-Crisis Measures for the Economy**²⁶¹ in 2012, in order to help recovery of the economy and overcome the recession. Particularly important were economic stimulus measures such as the subsidizing of loans for the liquidity of the economy and housing loans for newly built buildings. In addition, critical measures to foster and relieve the corporate sector included a shortening of deadlines for the collection of debts²⁶², while a substantial fiscal effect was produced through the abolishment of redundant republic and local parafiscal charges.²⁶³
- 4.2.13. In order to reduce the budget deficit and spur recovery of the economy, a set of fiscal policy measures was adopted that produced effects on both revenues and expenditures. The implementation of measures set out in the **Fiscal Consolidation Programme**²⁶⁴ – which raises the tax rates of some categories of revenues on the revenues side and includes a fiscal adjustment on the expenditure side – will reduce the relative share of current public consumption (through a limited rise of salaries and pensions in keeping with real possibilities, as well as a comparative cutting of discretionary categories of expenditure) and aims to reduce the consolidated budget deficit. As part of the programme of fiscal consolidation, the **Law on Amendments to the Law on Value Added Tax**²⁶⁵ was adopted, raising the general VAT rate from 18% to 20%. This increase had been expected to yield an increase in budget revenues of 6.7 billion EUR by the end of 2012 and of 33.8 billion RSD in 2013. In December 2013, the Law on Amendments to the Law on Value Added Tax²⁶⁶ was adopted, raising the special VAT rate from 8% to 10%, which aims to raise public revenues by about 20 billion RSD annually and thus diminish budget imbalances in the years to come.
- 4.2.14. In order to eliminate the imminent threat from the public debt crisis in the short term and create conditions to stop further debt growth in the medium run, in mid-2013 the Government adopted the **Programme of Measures for the Public Sector Reform**²⁶⁷, which consists of three groups of measures: cutting discretionary expenses in the Republic's 2013 budget and defining new rules for planning the amount of salaries and pensions for 2014; taking additional savings measures in the public sector as a whole; and continuing implementation of structural reforms, in particular ending the restructuring process in formerly socially-owned companies and rationalization measures in public enterprises and public stock companies.
- 4.2.15. One of the measures of fiscal consolidation and public sector reform is the rationalization of the number of public sector employees. According to the register of employed, elected, appointed and recruited persons in the public sector²⁶⁸, in January 2014 the total number of employed and recruited people in state administration bodies, public agencies, organisations for the compulsory

²⁶¹ <http://www.mfin.gov.rs/newsitem.php?id=8155>

²⁶² The Law on Acquittance of Money Liabilities in Commercial Transactions introduces discipline into the settlement of monetary liabilities by the state to the private sector, as well as within the private sector itself. The maximum deadline for the state to settle its liabilities to the business sector is 45 days, while the debt settlement deadline within the private sector is 60 days. Consequently liquidity in the state would increase. The Law became effective on March 31, 2013.

²⁶³ Through adoption of 24 laws aimed at fiscal consolidation, by the end of September 2012, 138 parafiscal charges and seven agencies, funds and regulatory bodies had been abolished.

²⁶⁴ <http://www.mfin.gov.rs/pages/article.php?id=8206>

²⁶⁵ Official Gazette of RS, No 93/12.

²⁶⁶ Official Gazette of RS, No 108/13.

²⁶⁷ http://www.mfin.gov.rs/UserFiles/File/Reforma%20javnog%20sektora/Program%20mera%20za%20reformu%20javnog%20sektora%2003_07.pdf

²⁶⁸ <http://www.mfin.gov.rs/pages/issue.php?id=8814>

social insurance for beneficiaries²⁶⁹ and in local administration²⁷⁰ equalled 75,318 persons. The Pre-accession Economic Programme²⁷¹ for 2014 suggests that substantial rationalization of public sector employees will be needed, while a prohibition on new employment in this sector in the next two years has been introduced as well.

- 4.2.16. In early October 2013, the Government adopted **a set of measures to stabilize public finances and help recovery of the economy**.²⁷² To strengthen the economy, it is necessary to consolidate public finances and pursue a fiscal policy that rests on the principle of conscientious fiscal management as well as fiscal rules that reinforce fiscal discipline, improve fiscal coordination among various levels of government, reduce fiscal risks and ensure long-term fiscal sustainability.²⁷³
- 4.2.17. The main objectives and guidelines for pursuing economic and fiscal policy in the next three years are defined through the **Fiscal Strategy for 2014 with Projections for 2015 and 2016**²⁷⁴, namely: to stabilize the debt following its sharp rise, establish its decline trend, foster economic growth based on investments and exports and achieve growth in employment and the standard of living after vigorous economic activity.
- 4.2.18. In keeping with pre-accession negotiations and obligations assumed through this process, every year in January the Republic of Serbia presents to the European Commission its economic programme, with major guidelines for economic and fiscal policy in the next two years. In early 2012, the Government presented to the European Commission its **Economic and Fiscal Programme** for the period 2012-2014.²⁷⁵ Growth projections given in this programme are optimistic, especially for 2012, while the credibility of objectives is limited by an outdated macroeconomic and fiscal scenario. Consensus on the basics of a market economy has been well-preserved, but it should be reinforced so that economic performance would be improved and the resilience of economy boosted.²⁷⁶
- 4.2.19. In early 2013 the Government presented to the European Commission its Pre-accession Economic Programme (PEP) for the period 2013-2015. The programme anticipates moderate and achievable recovery of 2% in 2013, coupled with the rather optimistic further acceleration of real GDP growth to 3.5% and 4% in the next two years.²⁷⁷ The Serbia 2013 Progress Report states that

²⁶⁹ Pursuant to the Law on Specifying the Maximum Number of the Employed in Republic Administration (Official Gazette of RS, No 100/09), these provisions do not apply to employees of the Ministry of Interior Affairs, Ministry of Defence, Security and Information Agency and Criminal Offence Execution Directorate as an administrative organ within the Ministry of Justice. Moreover, the Law does not apply to public enterprise employees whose employment is defined by the Law on Public Enterprises, while their salaries are determined by the regulation on the means and control of the calculation of earnings disbursement in public enterprises.

²⁷⁰ Pursuant to the Law on Specifying the Maximum Number of the Employed in Local Administration (Official Gazette of RS, No 100/09), which specifies the maximum number of employees in bodies of local self-government units (including city municipalities), institutions funded from the budget (except for institutions in the area of education, health care, pre-school institutions and culture), companies and other organisations whose only founder is the local self-government unit (except for public companies) and which are funded from the budget.

²⁷¹ Accessed at: <http://www.mfin.gov.rs/UserFiles/File/dokumenti/2013/PEP%20-%20en1.pdf>, June 2, 2014.

²⁷² <http://www.mfin.gov.rs/UserFiles/File/dokumenti/2013/Informacija%20o%20paketu%20mera%20za%20stabilizaciju%20javnih%20finansija.pdf>

²⁷³ <http://www.mfin.gov.rs/UserFiles/File/dokumenti/2013/Fiskalna%20strategija%202014.pdf>

²⁷⁴ Which the Government of the Republic of Serbia adopted in November 2013. Taken from: <http://www.mfin.gov.rs/UserFiles/File/dokumenti/2013/Fiskalna%20strategija%202014.pdf>, 2.6.2014.

²⁷⁵ Accessed at: http://ec.europa.eu/economy_finance/international/enlargement/pre-accession_prog/pep/2012-pep-serbia_en.pdf, 6.7.2014

²⁷⁶ Ibid.

²⁷⁷ European Commission (2013): Serbia 2013 Progress Report, taken from:

http://www.seio.gov.rs/upload/documents/eu_dokumenta/godisnji_izvestaji_ek_o_napretku/izvestaji_ek_2013.pdf, June 2, 2014.

certain steps toward addressing the numerous obstacles that hinder growth have been taken, but that the adoption and pursuit of some critical structural reforms are behind schedule. Given the difficult economic situation, economic reforms are sluggish. Reaching a sustainable fiscal position and tackling the numerous obstacles that hinder growth still pose a challenge.²⁷⁸

- 4.2.20. The Government adopted the Pre-accession Economic Programme (PEP) in December 2013 for the period 2014-2015 and forwarded it to the European commission in January 2014. The programme anticipates moderate economic growth in the period 2014-2016, with an average growth of GDP of 1.6%, considering varied growth limitations and the necessity of strict fiscal and structural adjustments in the next three fiscal years.
- 4.2.21. The Budgetary System Law envisages **application of the programme classification as of 2015**. The Ministry of Finance has issued instructions for drafting the programme budget, which will be followed by all budget beneficiaries (government bodies, bodies of territorial autonomy and units of local self-government).²⁷⁹

ECONOMIC ACTIVITY

- 4.2.22. Positive transition trends were interrupted in the second half of 2008 when adverse effects of the global financial and economic crisis spilt over to the economy and finances of the Republic of Serbia. The economy **in 2011** was characterized by a moderate recovery (1.6% growth rate) from the earlier financial and economic crisis, coupled with the risk of further worsening under the impact of a new wave of the crisis caused by mounting fiscal and financial uncertainty in the euro-area. Low external demand went hand-in-hand with a slow recovery of domestic demand due to a decline in employment and earnings, diminished borrowing opportunities for the business sector and households and limited opportunities for stimulating effects of public consumption.
- 4.2.23. Effects of the economic crisis were not overcome **in 2012** either, though for the most part they were moderated by numerous short-term, anti-crisis economic policy measures. In 2012 the Serbian economy was characterised by unfavourable tendencies, including an economic downturn, a slowdown in the growth of exports and imports, a greater balance of payments and fiscal imbalance, a rise in external and public debt, a rise in inflation, a fall in employment, a rise in unemployment, an increase in earnings in real terms, a more restrictive monetary policy, a weakening of the RSD, a decrease of foreign currency reserves and a slowing down of bank credit activity.
- 4.2.24. **Economic developments in the Republic of Serbia in 2013** were characterised by the recovery of economic activity, a faster rise in exports, a considerable decline in inflation and a decline in inflationary expectations, relatively stable developments on the foreign currency market, a relaxation of monetary policy and an accelerated process of euro-integration. The prerequisite for the stable recovery of the economy and sustainable economic growth in the following period is the implementation of a model of economic growth based on industrial growth, investments and exports and the speeding up of reform processes.
- 4.2.25. **The GDP of the Republic of Serbia grew at an average annual rate of 3%** in the period 2001-2013, a rate that was not sufficient to fill the deep production gap formed in the 1990s. The structure of contributions of some sectors to GDP growth is also unfavourable. Over the past period, production sectors have had much lower growth rates than the services sector, which

²⁷⁸ Ibid.

²⁷⁹ www.mfin.gov.rs/UserFiles/File/budzetski%20korisnici/2014/Uputstvo%20za%20izradu%20programskog%20budzeta.pdf

suggests that the generated growth stemmed from the production of non-tradable goods and the growth of domestic demand.

- 4.2.26. **The development of gross domestic product throughout 2011 demonstrated a low dynamic.** The 1.6% annual growth rate resulted from high growth in the first quarter, moderate growth in the second and a contraction of GDP in the last two quarters of 2011. **Development of gross domestic product throughout 2012 was a recession.** The -1.5% fall resulted from negative GDP development during all four quarters of the year. This development was adversely affected primarily by a low level of agricultural output caused by unfavourable weather conditions, a lower volume of industrial output, a lower trade turnover due to the rise in prices and a fall in the population's purchasing power. In addition, economic activity was also markedly affected by stagnation in EU countries and a low level of investment. According to estimates, **overall economic activity in 2013**, measured by gross domestic product, saw a rise of 2.5%.²⁸⁰
- 4.2.27. In the course of 2011, the **GDP of the Republic of Serbia** saw a growth rate close to the level registered in adjacent countries, as well as to the average of the EU-27 (about 1.7%). Since the second quarter of 2011, due to the onset of the debt crisis in the euro-area, negative tendencies had been spreading to other countries in the region as well as to Serbia. In the course of 2012, GDP dropped in almost all countries in the region. Economic recovery throughout 2013, at 2.5%, was much higher than the recovery in most countries in the region.

Table 4.2.27: Growth rates of gross domestic product, in %

	2001-2008	2009	2010	2011	2012	2013
EU-27	2.0	-4.5	2.0	1.7	-0.4	0.1
Bulgaria	5.8	-5.5	0.4	1.8	0.6	0.9
Hungary	3.2	-6.8	1.1	1.6	-1.7	1.1
Romania	6.3	-6.6	-1.1	2.3	0.6	3.5
Croatia	4.3	-6.9	-2.3	-0.2	-2.2	-0.9
Serbia	4.9	-3.5	1.0	1.6	-1.5	2.5
Montenegro	5.0	-5.7	2.5	3.2	-2.5	-
Macedonia	3.0	-0.9	2.9	2.8	-0.4	2.9

Source: Eurostat, SORS

- 4.2.28. The second wave of the economic crisis that gripped Europe in the second half of 2011 produced a new deceleration of investment activities. In the crisis-laden environment, characterised by a higher risk and a lower availability of financial loans, **investments in the Republic of Serbia at the end of 2012 saw a fall of 3.4% in real terms.** The decline and sluggish recovery of investment, which can be attributed to the economic crisis, resulted in a lower rate of investment that even before the crisis had not seen satisfactory levels. In 2012, the share of investment in GDP was estimated to drop to 17.8% (from 18.5% in 2011). In order to overcome the consequences of the economic crisis and achieve further economic growth and development, it is essential to boost investment given its positive impact on the growth of exports, the rise in employment and productivity, the transfer of new technologies and participation in international economic flows. (In order to overcome the technological gap in production capacities, an investment share of at least 25% of GDP is needed).

²⁸⁰ Republic Statistical Office,

<http://webzrzs.stat.gov.rs/WebSite/public/PublicationView.aspx?pKey=41&pLevel=1&pubType=2&pubKey=2290>

- 4.2.29. A dominant portion of **foreign direct investment** over the past period²⁸¹ is related to the purchase of domestic state- and socially-owned companies and banks undergoing tender and auction privatisation. In 2013, the inflow of foreign direct investment somewhat recovered from the sharp decline of 2012, which was a consequence of the debt crisis in the euro-area, whose countries are major investors in the Republic of Serbia.
- 4.2.30. **The development of industrial output in the period 2010-2013** was heavily exposed to internal and external factors. Changes in domestic demand had a more moderate effect, while the primary role of export demand to a great extent determined developments in industrial output. This particularly refers to the dominant portion of manufacturing industry, which largely depends on the state of affairs on the foreign market.
- 4.2.31. **Despite some oscillations, in the course of 2011 industrial output saw a growth of 2.1% in comparison to 2010.** This growth was generated in two industrial sectors: 10.4% in mining and 9.7% in electricity, gas, steam and air conditioning supply, while the minimal fall in output was registered in the manufacturing industry – 0.4%. The total industrial output in 2012 saw poorer results than the year before (-2.2%). The fall in output was registered in the manufacturing industry – 0.9%, along with 7.1% in electricity, gas, steam and air conditioning supply, while the mining sector stagnated. In the course of 2013, industrial output saw a growth of 5.5%, and the manufacturing industry of 4.8%. In 2011, agriculture registered a share of 10.4% in GDP.²⁸² In comparison with 2012, agriculture saw growth and contributed to an overall economic increase of 2.4%²⁸³ in 2013.
- 4.2.32. In 2012, economic activity in EU countries slowed down significantly, which had an effect on Southeast European countries, and thus on industry in the Republic of Serbia. Causes of the decline in industrial output in Southeast Europe included lingering debt crisis in the euro-area, weakened financial institutions and slow reactions in economic policies. **In 2012, industrial output saw negative growth rates** in almost all the countries of Southeast Europe, except in Romania. The recovery of industrial output in the course of 2013 was apparent in most of these countries (aside from Croatia and Bulgaria).

Table 4.2.32: Industrial output (y-o-y growth rates in %)

	2011	2012	2013
EU-27	3.2	-2.2	-0.5
Bulgaria	5.9	-0.2	0.0
Croatia	-1.2	-5.4	-1.9
Hungary	5.6	-1.4	1.8
Romania	7.8	2.4	7.8
FYR Macedonia	6.9	-2.8	3.2
Serbia	2.5	-2.2	5.5
Bosnia and Herzegovina	3.4	-4.2	6.7

Source: Eurostat, SORS

²⁸¹ During the period 2001-2013 the total net foreign direct investment in Serbia amounted to 15.9bn euros, and the highest level was reached in 2006, at 3.3bn euros.

²⁸² Government of the Republic of Serbia (2013): National Priorities for International Assistance (NAD) 2014-2017 with Projections until 2020, taken from the website of the Serbian European Integration Office: http://www.seio.gov.rs/upload/documents/medjunarodna_pomoc/pregled_medjunarodne_pomoci/prioriteti_2014_17.pdf, June 2, 2014.

²⁸³ SORS, Bulletin, December 30, 2013. Available at: <http://www.srbija.gov.rs/vesti/vest.php?id=202630>

- 4.2.33. Major characteristics of inflation in 2011-2013 were instability and major fluctuations around targeted inflation. Headline inflation at the end of 2011 (7%) was slightly above the projected framework (the targeted rate was $4.5 \pm 1.5\%$). After a speedier rise in inflation at the start of 2011, since May 2011 a downward trend has been registered owing to undertaken measures of monetary and fiscal policy, less cost pressures on food prices, a slower rise in regulated prices, a lower aggregate demand and a decline in inflationary expectations. The average annual rise in consumer prices in 2011 equalled 11%.
- 4.2.34. **By the end of 2012, inflation** had reached a year-on-year level of 12.2% (the average annual rise in consumer prices in 2012 equalled 7.8%), which was above the projected framework (the targeted rate of headline inflation for the end of 2012 was $4 \pm 1.5\%$). The rise in consumer prices in the course of 2012 was to a largest extent a result of the rise in food prices, caused by an unfavourable agricultural season and the rise in global prices of primary agricultural products. International comparisons in this period suggested that inflation in Serbia was high and significantly above the level of inflation in countries of the EU and the region. **In the course of 2013 inflation decreased substantially**, as did inflationary expectations. The year-on-year inflation equalled 2.2% by the end of 2013, and thus below the lower limit of allowed deviation from the target of $4\% \pm 1.5\%$. The average annual rise in consumer prices in 2013 was 7.8%. It is expected that the year-on-year inflation in 2014 will still develop within the target limits.
- 4.2.35. The National Bank of Serbia pursues a policy of a managed fluctuating **exchange rate of the national currency**.²⁸⁴ The global financial and economic crisis has destabilised the foreign currency market and weakened national currencies in many countries. Development of the RSD exchange rate in 2011 and 2012 was more stable (the real effective exchange rate²⁸⁵ of the RSD rose by 4.4%, i.e. by 1.5%). In the first nine months of 2013 the real effective exchange rate of the RSD strengthened by 1.1%.
- 4.2.36. The entire period of reference (2011-2013) saw **a deficit in the current account of the balance of payments**, which in 2013 fell substantially owing to higher exports. In the course of 2011 the rise in imports and the decrease in revenues from abroad were covered by an inflow of foreign direct investment and foreign loans. In 2012 the country's balance of payments position worsened due to a rise in imports over the first six months and a lower inflow of income from abroad, as well as the outflow stemming from the repayment of interest on loans. The registered inflow of foreign capital was not sufficient to cover the current account deficit, which has led to a decrease in foreign currency reserves. The year 2013 was characterised by a more than 50% decrease in the deficit of the current account of the balance of payments, a result of positive developments with external trade balance, i.e. the rise in exports.
- 4.2.37. Due to harmful effects of the global crisis on the economic activity of the Republic of Serbia, **the share of public debt in GDP rose and reached 61.2% in 2013**.²⁸⁶ Factors that led to increased public debt included a low rate of GDP growth and the rise in budget deficit, as well as the depreciation of the domestic national currency in comparison with the foreign currencies in which public debt is denoted. The public debt of the Republic of Serbia on December 31, 2013, ran at 20.1 billion EUR, 13.7% more than at the end of 2012.

²⁸⁴ The regime of a managed floating exchange rate involves the right to intervene in case of considerable daily oscillations on the forex market and threats to financial and price stability, and in order to safeguard an adequate level of foreign currency reserves.

²⁸⁵ The real effective exchange rate of the RSD is calculated by deflating the nominal effective exchange rate, taking into account the development of inflation in Serbia, the euro-area, and the US, while the "basket" for calculating the index of the nominal effective RSD exchange rate comprises the euro and the dollar, with weights of 80% and 20%, respectively.

²⁸⁶ Ministry of Finance, Table 5: Public debt of the Republic of Serbia in the period from 2000 to February 28, 2014, updated on March 20, 2014, <http://www.mfin.gov.rs/pages/article.php?id=7161>

- 4.2.38. **The share of external debt in GDP rose** in 2012 in comparison to the year before (76.7% vs. 86.9%), due to a rise in external indebtedness of the public sector, as well as a high real appreciation of the domestic national currency. External debt amounted to 25.7 billion EUR by the end of December 2012 which, compared to the end of 2011, represents a rise of 6.6%, i.e. of billion EUR. Long-term liabilities accounted for 98.1% of the structure of the total external debt, while short-term debt accounted for 1.9% in the same period, i.e. 493.2 million EUR. The total external debt by the end of 2013 amounted to 25.8 billion EUR, i.e. 80.7% GDP. The decline in the stated share resulted from a faster growth of GDP (2.5%) than the growth of external debt (0.5%).
- 4.2.39. Over the previous period, total **foreign currency reserves saw a continuous growth** and by the end of 2012 reached 12 billion EUR (foreign currency reserves of the NBS equalled 10.9 billion EUR). Foreign currency reserves by the end of 2012 equalled 36.3% of GDP and were over four times larger than money supply M1.²⁸⁷ By the end of 2013 foreign currency reserves remained almost unchanged from 2012 (at 12.1 billion EUR), while foreign currency reserves of the NBS increased and amounted to 11.2 billion EUR.

Table 4.2.39: External trade position

	2011	2012	2013
Export of goods and services, EUR m	11,471.9	11,829.3	14,378.3
Import of goods and services, EUR m	-16,627.1	-17,153.3	-18,022.6
Coverage of import by export, %	69.0	68.9	79.8
Deficit of the balance of payments current account, % GDP	-9.1	-10.7	-5.0
Foreign direct investments, EUR m	1,826.9	241.9	768.5
Foreign direct investments, % GDP	6.1	0.8	2.0
NBS forex reserves, EUR bn	12.1	10.9	11.2
External debt, % GDP	76.7	86.9	80.7

Source: MFIN, NBS

- 4.2.40. Despite numerous risks that have been intensified with the spillover of adverse effects of the global financial and economic crisis to the financial sector of the Republic of Serbia, **the stability and resilience of the banking sector has been sustained** owing to the activities and incentives of the Government of the Republic of Serbia and the NBS. **Overall household savings** in 2013 in comparison to 2012 were up by 3.5%. Viewed by the currency structure of savings deposits, the dominant is forex savings (98.1% of overall savings). The maturity structure of the total household savings is still unfavourable given that the structure of both RSD and forex savings is dominated by short-term deposits. The largest portion of the forex household savings (80%) is still deposited for a short term, while for the long term 20% of the total forex savings is deposited.

Table 4.2.40: Macroeconomic trends

	2011	2012	2013
GDP, RSD bn	3,208.6	3,348.7	3,761.3
GDP, EUR bn	31.5	29.6	32.8
GDP, per capita in EUR	4,350.6	4,111.8	-
GDP, growth in real terms in %	1.6	-1.5	2.5
Inflation, end of the period	7.0	12.2	2.2

²⁸⁷ M1 presents a narrower aggregate of money supply, which comprises currency in circulation and transaction deposits.

Exchange rate RSD/EUR, period's average	101.9	113.1	113.1
Consolidated fiscal deficit, % GDP	-4.9	-6.5	-4.8
Public debt, % GDP	48.2	59.3	63.6
Household savings, EUR m	7,796	8,427	8,712

Source: SORS, NBS, MFIN

- 4.2.41. **The business environment has not changed dramatically** in the reporting period. According to findings of the Foreign Investors Council, it still takes a lengthy period of time to start a business in the Republic of Serbia. The Government has so far launched initiatives on several occasions to enhance the business and investment environment, but little has been put into practice.²⁸⁸
- 4.2.42. **The state continues to influence competitiveness immensely** by providing substantial subsidies in various forms. A large portion of state aid in the period of reference has been given in the form of subsidies (almost 60%) and tax incentives (around a third of the total aid). There has been hardly any government aid for training or research and development. There are still monopolistic structures under state control in numerous sectors (e.g., energy supply, transport, infrastructure, postal services, telecommunications, radio broadcasting, agriculture and the environment) and the state has continued to subsidise profusely the transport sector, which has received almost a fifth of the total aid.²⁸⁹
- 4.2.43. **The competitiveness of the Republic of Serbia has not improved**, as indicated by the Global Competitiveness Index of the World Economic Forum, according to which in 2013 the Republic of Serbia occupied the 101st position among 148 observed economies (a deterioration compared to 2011 and 2012 when it ranked 95th).²⁹⁰ According to this report, the Republic of Serbia belongs to a group of economies driven by efficiency, while transition to innovation is elusive for the moment (the index component that evaluates innovation ranks the Republic of Serbia 125th). The largest obstacles to doing business in the Republic of Serbia include corruption, inefficiency of state bureaucracy, availability of finances, political instability, etc.²⁹¹ The share of the grey economy in the economy of the Republic of Serbia is considerable and depending on the applied method ranges between 21% and 30% of GDP.²⁹² Over two-thirds of the overall grey economy is generated in businesses and with entrepreneurs, and in the form of illegal turnover and disbursement of earnings without payment of all tax liabilities.
- 4.2.44. The sector of small and medium-sized enterprises and entrepreneurship is of utmost importance for the economy of the Republic of Serbia. In the period 2011-2012 this sector accounted for approximately 56% of the creation of gross value added, and in employment accounted for 65% in the non-financial sector and around 50% in exports. Businesses registered in this sector accounted for 99.8% of all registered businesses.²⁹³

²⁸⁸ White Book 2013 – Proposals for improvement of the business environment in Serbia, Foreign Investors Council, taken from: <http://www.fic.org.rs/cms/item/whitebook/en.html>.

²⁸⁹ European Commission (2013): Serbia 2013 Progress Report, taken from: http://www.seio.gov.rs/upload/documents/eu_dokumenta/godisnji_izvestaji_ek_o_napretku/izvestaj_ek_2013.pdf, June 2, 2014.

²⁹⁰ Global Competitiveness Report 2013-2014, World Economic Forum, taken from: <http://www.weforum.org/reports/global-competitiveness-report-2013-2014>, June 2, 2014.

²⁹¹ Ibid.

²⁹² <http://www.fren.org.rs/sites/default/files/articles/attachments/siva-ekonomija-u-srbiji-studija.pdf>.

²⁹³ *Izveštaj o malim i srednjim preduzećima i preduzentištvu za 2011. i 2012. godinu*, Ministry of Economy, Ministry of Regional Development and Local Self-Government, and National Agency for Regional Development, taken from: <http://narr.gov.rs/index.php/Aktivnosti/Istrazhivanje-i-analize/Izveshtaj-o-MSPP>, July 6, 2014.

Public Finance

- 4.2.45. The fiscal position of the Republic of Serbia has been deteriorating, and the public sector has been generating a high fiscal deficit, which after the completion of privatisation and the resulting inflow of funds has been funded through borrowing, leading to a relatively rapid rise in the share of the public debt in GDP. In the period 2011-2013 the Republic of Serbia registered **a high share of public expenditure in GDP**. Inadequacy of the size and structure of public consumption in Serbia was particularly pronounced in 2012, when the share of public expenditure equalled 48.5% of GDP. Consolidated public expenditure in 2012 saw a rise in real terms of 3% from 2011. In 2011 the consolidated fiscal deficit on the annual level equalled 4.9% of GDP, and in 2012 it rose to 6.5% of GDP.
- 4.2.46. Fiscal developments in 2013 suggest that consolidated public revenues of the state sector registered a year-on-year fall in real terms of 3.1% and consolidated public expenditure of 5.9%, while deficit of the consolidated state sector went down from 219.8 billion RSD (6.5% of GDP) in 2012 to 181.2 billion RSD (4.8% of GDP) in 2013. Budget revenues decreased in real terms by 4.5% and budget expenditure by 6.7%, while budget deficit went down from 192bn RSD in 2012 to 173.7bn RSD in 2013. The Law on the Budget of the Republic of Serbia for 2014, which the Serbian Assembly adopted in December 2013, envisages revenues of 929.9bn RSD, expenditure of 1,112.5bn RSD and a deficit of 182.6bn RSD (budget deficit of 4.6% of GDP and on the consolidated level of 7.1% of GDP).

Table 4.2.46: Consolidated balance of the state

	RSD bn			Growth in real terms, in %			% GDP		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Public revenues	1,302.5	1,405.4	1,467.8	-4.2	0.1	-3.1	40.6	41.9	39.0
Public expenditure	1,462.7	1,625.3	1,649.1	-3.2	3.0	-5.9	45.6	48.5	43.8
Consolidated balance	-160.2	-219.8	-181.2	-	-	-	-4.9	-6.5	-4.8

Source: MFIN

- 4.2.47. In the reporting period, the **development of salaries and pensions** was influenced by the second wave of the economic crisis and a poor economic situation in the country in general. Pensions and salaries in the public sector, after unfreezing on January 1, 2011, saw a sharp drop in real terms. At the same time average net earnings during the first two years withstood the crisis, but in 2013 saw the fall in real terms. An average pension in real terms in 2011 was down by 3.6%, in 2012 by 2.2%, i.e. by 3.4% in 2013 from the year before.

Table 4.2.47: Salaries and pensions

	2011	2012	2013
Average net earnings (in RSD)	37,976	41,377	43,932
Growth rate in real terms (in %)	0.2	1.1	-1.5
Average net earnings in the public sector (in RSD)	43,506	46,551	48,943
Growth rate in real terms (in %)	-1.5	-0.7	-2.5
Average pension (in RSD)	21,285	23,024	23,378
Growth rate in real terms (in %)	-3.6	-2.2	-3.4

Source: MFIN

Social Protection Expenditure

4.2.48. Social protection expenditure in the EU is monitored in the same way in each member state, observing the principles of the common European System of Integrated Social Protection Statistics (ESSPROS).²⁹⁴ According to the ESSPROS methodology, total social protection expenditure²⁹⁵ at the EU-28 level in 2011 equalled 29% of GDP, although still with large differences among Member States.

4.2.49. The comparison of expenditure on social protection in the EU and the Republic of Serbia, measured as a percentage of GDP by the ESSPROS methodology, indicates that the Republic of Serbia is below the EU average but still earmarks more funds than new EU Member States. Estimates suggest that social protection and social security expenditure in the Republic of Serbia in 2012 and 2013 vary around 25% of GDP. The structure of expenditure is dominated by expenditure on net pensions, accounting for over 13% of GDP.

Table 4.2.49: Expenditure on social protection in the EU and the Republic of Serbia, % of GDP

	2010	2011
Serbia	24.6	23.2
EU-28	29.3	29.0
EU states with largest allocations for social protection as a percentage of GDP		
Denmark	34.3	34.2
France	33.8	33.6
The Netherlands	32.1	32.3
Belgium	30.1	30.4
EU states with smallest allocations for social protection as a percentage of GDP		
Latvia	17.8	15.1
Estonia	18.0	16.1
Romania	17.6	16.3
Lithuania	19.1	17.0
Bulgaria	18.1	17.7

Source: Eurostat

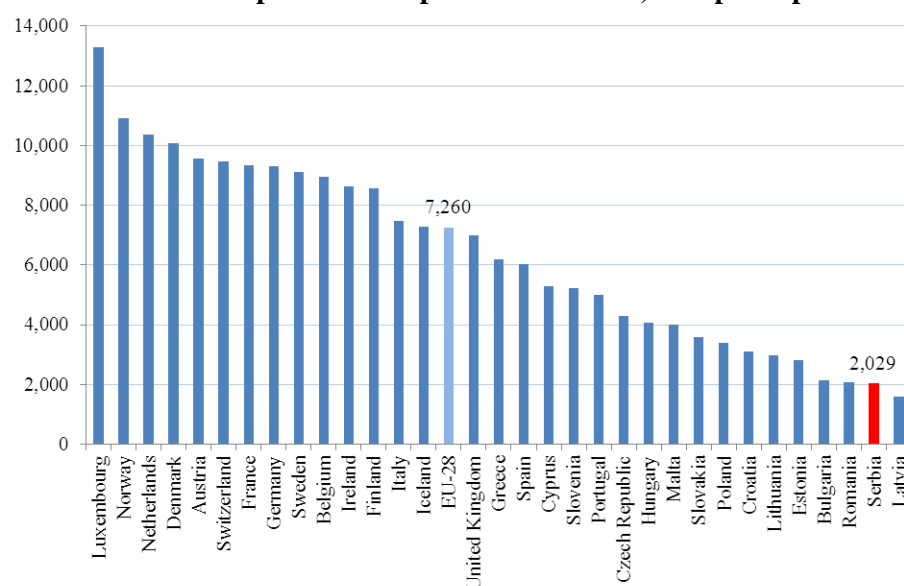
4.2.50. Comparing these expenditures through the Purchasing Power Standard (PPS)²⁹⁶ per capita provides different insight. The Republic of Serbia belongs to the group of countries that allocates the least PPS per capita for social protection in Europe, as much as 3.5 times less than in the EU (28), while only Latvia earmarks less. In 2011 Luxembourg allocated the most (13,275 of PPS), with the EU-28 average equalling 7,260 PPS per capita, while the Republic of Serbia allocated only 2,029 PPS per capita for such social protection.

²⁹⁴ European Commission, Eurostat, ESSPROS Manual, taken from: http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-07-027/EN/KS-RA-07-027-EN.PDF. June 2., 2014.

²⁹⁵ According to the ESSPROS methodology, total allocations for social protection comprise all interventions of public (state) institutions by means of which households and individuals are relieved from risks or needs (sickness/health care, disability, old age, heirs, family/children, unemployment, housing, social exclusion) on the condition that there is no similar intervention or individual contract.

²⁹⁶ Purchasing power parity, an artificial unit formed in such a way that for one unit of PPS one can buy the same quantity of goods and services in various countries, provides for comparisons among countries.

Chart 4.2.50: Social protection expenditure in 2011, PPS per capita



Source: Eurostat

4.2.51. In the economic classification of the consolidated balance of the Republic of Serbia²⁹⁷, social transfers are subsumed under the category of social assistance and transfers to citizens. **Social transfers²⁹⁸ accounted for 19.0% of GDP in 2011, and in 2012 the share increased to 19.5%, while in the course of 2013 it decreased to 18.3%.** The largest portion of transfers goes to the disbursement of pensions. In 2012, 72.6% of social transfers were earmarked for the disbursement of net pensions. The share of pensions out of total social transfers was almost unchanged in 2013 and equalled 72.4%.

Table 4.2.51: Economic classification of expenditure on social assistance and transfers to citizens in the consolidated state balance (in billion RSD)

	2010	2011	2012	2013	Index of growth in real terms ²⁹⁹	
					2013/ 2010	2013/ 2012
Social assistance and transfers to citizens	579.2	609.0	652.5	687.6	92.0	97.8
1. Net pensions	394.0	422.8	473.7	497.8	97.9	97.5
2. Unemployment benefit	21.8	17.6	13.8	14.9	52.9	100.5
3. Sickness benefit	6.8	6.3	7.1	7.2	82.2	94.1
4. Social welfare*	80.2	79.0	84.0	99.4	96.1	109.8
• Child protection	34.7	37.7	40.1	43.6	97.5	101.0

²⁹⁷ Economic classification brings to the fore the type of expenditure, i.e. its economic feature and the impact of state spending on the market of goods and services, the financial market and the redistribution of income.

²⁹⁸ Social transfers comprise money allowances stemming from insurance – pensions, unemployment and sickness leave benefits, as well as money allowances not based on contributions – social welfare benefits, children and parental allowance, maternity leave benefits, allowance for assistance to and care of another person and various money rights stemming from war veteran and disability care. In addition, local self-governments approve one-off financial assistance, as well as additional money allowances designed for the impoverished.

²⁹⁹ A nominal rise corrected for inflation.

• Budget social protection	23.3	19.5	27.8	32.4	107.9	108.2
• War veteran and disability care	13.7	14.5	14.9	15.1	85.5	94.1
• Transition fund	6.0	5.2	0.0	4.8	62.3	-
• Other	2.5	2.2	1.3	3.4	106.3	245.3
5. Budget transfers for military pensions	22.9	23.6	0.0	0.5	1.8	-
6. Other transfers to citizens ³⁰⁰	53.4	59.6	74.0	67.8	98.5	85.0

Source: MFIN and final accounts

Categories within social welfare are:

Transition fund: The funds of the Transition Fund are used to resolve the labour status of employees made redundant in companies undergoing the restructuring process or preparation for the privatisation process.

Child protection: 1. Disbursement of earnings to employed women on maternity leave, 2. Parental allowance, 3. Children's allowance, 4. Reimbursement of costs for children in pre-school institutions, 5. Assistance to refugee mothers with children up to one year of age.

War veteran and disability care: 1. Disability allowances for disabled war veterans, civil war disabilities and family disability allowances (disability allowances, veteran allowances, transport of disabled war veterans, services of hospitals and medical centres, as well as the right to motor vehicles for disabled war veterans).

Social protection from the Republic budget (allowances and rights under the Law on Social Welfare and Provision of Social Security for Citizens): 1. Disability allowance – allowance for care and assistance, 2. Budget allowance for children and family – material support, 3. Budget allowance for children and family – family placement, 4. Budget allowance for housing and living – centres for social affairs and placement in institutions, 5. One-off payments.

Other: Social protection funds disbursed from the Republic budget (1. Solidarity Fund, 2. Return of VAT to disabled people for imported cars, 3. Pupils' and students' standard of living, 4. National pensions for extraordinary contribution in culture and sports, 5. Young Talents Fund of the Republic of Serbia, etc.) and allocated social welfare funds within the competence of local self-governments and AP Vojvodina.

* Payments made from the Republic budget, except for the category Other, which beside payments from the Republic budget comprises allocations both on the local and AP Vojvodina level.

4.2.52. The real level of expenditure on social assistance and other transfers to citizens was lower in 2013 by 2.2% than the year before, while in the entire period of reference (2010-2013) allocations for this purpose decreased in real terms by 8%. Such a decrease cannot be accounted for by the rise in the population's standard of living and poverty alleviation (see Chapter: Financial Poverty and Deprivation of Existential Needs), and stems from the decrease in real terms of almost all subcomponents of social transfers. The steepest fall was registered in allowances for unemployed people (as a consequence of a markedly higher number of beneficiaries in 2010, when the majority of the unemployed still exercised the right to this kind of benefit³⁰¹) as well as sickness benefits (as a result of a lower number of persons to whom earnings were disbursed from the Republic Fund for Health Care Insurance – from 69,811 persons in 2010 to 53,471 persons in 2013 – and a shortening of the average duration of sick leave per person from 50.38 days in 2010 to 44.89 in 2013³⁰²).

³⁰⁰ Other transfers to citizens comprise payments of organisations of compulsory social insurance for various purposes: allowance for care and assistance, funeral costs, medical aids, etc.

³⁰¹ The maximum number of the unemployed who exercised the right to the money allowance for earnings was registered in 2009 (85,695 persons), but what followed was their decline – in 2010 the number of allowance beneficiaries equalled 81,896, and in 2013 – 67,798). Source: *Mesečni statistički bilten Nacionalne službe za zapošljavanje*, December 2013, http://www.nsz.gov.rs/live/digitalAssets/1/1665_bilten_nsz_12_2013.pdf

³⁰² *Izveštaji o finansijskom poslovanju Republičkog fonda za zdravstveno osiguranje za 2010, 2011 i 2013. godinu:* <http://www.rfzo.rs/download/finizvestaj2010.pdf>, http://www.rfzo.rs/download/fin_izvestaj2011.pdf, <http://www.rfzo.rs/download/FINANSIJSKI%20IZVESTAJ%20ZA%202013.pdf>

- 4.2.53. **Expenditure on social protection in a narrow sense** is defined by the Law on Social Protection and Provision of Social Security to Citizens, and comprises child, social, war veteran and disability care. In 2013, in comparison to 2010, expenditure for this purpose decreased in real terms by almost 4% and only within the sub-category of social protection from the budget expenditure rose in real terms by 7.9%. The rise primarily results from higher expenditures on basic money transfers from social protection to poor families – financial social assistance – which was almost 2.5 times in nominal terms in the period 2010-2013. The rise in the number of social assistance beneficiaries stems from the adoption of the new Law on Social Protection in the course of 2011. The very function of the transfer served as an automatic stabiliser of the consumption level of the most threatened strata of society, with a lower standard of living after the onset of the economic crisis.

CONCLUSIONS

- 4.2.54. The general economic situation in the period 2011-2013 was difficult and, as a response, the Government adopted a series of partially effective measures to stabilise the economy and public finance. Despite some positive signals during this period (in particular, a decline in the external trade deficit and a moderate recovery of the economy during 2013), there is still no marked shift in the type of economic growth.
- 4.2.55. The trend of rising fiscal imbalance and public debt undermines the stability of the country, thus rendering efficient fiscal consolidation and a public debt management strategy to be essential.
- 4.2.56. Social protection expenditures in real terms declined in the period of reference (over 2011-2013, by as much as 8%). Such a trend undermines the state's capacity to provide adequate protection to the population in times of rising poverty and a declining standard of living.
- 4.2.57. The country's position is still unfavourable when it comes to competitiveness, the business environment and the inflow of foreign investment.
- 4.2.58. There is also an absence of a stable and predictable fiscal relation between the national level and local governments. Government transfers to local self-governments are randomly cut, transfers for maintaining municipal roads and streets are inadequately managed, local self-governments borrow without control and the Government assumes the obligation to refinance their delayed payments.³⁰³

LINES OF ACTION

- 4.2.59. Stabilisation and the recovery of the economy are essential, coupled with the pursuit of structural reforms, growth of output and exports and reduction of the fiscal deficit and the share of public debt in GDP.
- 4.2.60. A rise in employment and the standard of living need to be ensured, as well as the satisfactory adequacy and coverage by social transfers targeting the poor population.
- 4.2.61. An efficient shift to programme-based budgeting needs to be achieved as it will ensure the ability to plan costs and monitor the effects of invested funds.
- 4.2.62. A stable and transparent system of funding among various levels of government needs to be established, along with strict budget limitations.

³⁰³ *Pregled finansija i rashoda lokalnih samouprava*, World Bank Report, April 2013.

4.3. Population

LEGAL AND STRATEGIC FRAMEWORK IN THE REPUBLIC OF SERBIA

- 4.3.1. **In the Republic of Serbia, there are two direct population policy measures significant for birth promotion**, as stipulated by the Law on Financial Support to Families with Children³⁰⁴ and the Labour Code.³⁰⁵ These are birth grant and parental leave. Birth grant is paid for the first, second, third and fourth child in the family. Its amount increases with birth order, adjusted by the rate of increase of costs of living and, with the exception of the grant for the first child, is paid in 24 monthly instalments. The law also provides for a maternity pay equal to the employed mother's earnings, during maternity leave and childcare leave for a period of one year for the first and second child, or a period of two years for the third and any subsequent child.
- 4.3.2. The Republic of Serbia's response to the phenomenon of insufficient number of newly born children and its consequences is also based on strategic documents. The Birth Incentive Strategy³⁰⁶ from 2008 and the National Ageing Strategy 2006–2015³⁰⁷ identify all important resources, outline a range of measures and activities and endorse, detail and coordinate a multi-sector approach to their implementation. The achievement of desired results will largely depend on the operationalization of the proposed measures and activities and on their implementation, which has been delayed or limited to a considerable extent due to the failure to secure the necessary funding.
- 4.3.3. **The Republic of Serbia's policy regarding the long-term lagging of life expectancy** in Serbia behind the mean length of life in developed countries and the distinct differences in terms of the average length of life between men and women, in favour of women, is based on the Law on Health Care³⁰⁸, as well as on a large number of associated strategies and programmes. These documents directly or indirectly, systematically or partially, insist on promotion of health in all stages of life. The promotion of health is defined as the promotion of a healthy lifestyle in a healthy environment, including the awareness raising of personal responsibility for one's own health.
- 4.3.4. The migration policy of the Republic of Serbia is, by and large, implemented in line with the principles stipulated in the Law on Migration Management.³⁰⁹ These include: preservation of family unity, prohibition of artificial alteration of the population's ethnic structure, balanced and planned economic development, strengthening of the ties with the diaspora and the Serbs in the region, protection of the rights of persons in the process of migration and respect of the relevant ratified international treaties and the generally accepted provisions of the international law in the relevant field. The said Law was the first piece of legislation in the Republic of Serbia that defined the concept of immigration.³¹⁰ The Law was preceded by the strategy of the same title, adopted in 2009, as well as the action plan for its implementation in the period 2011–2012.

³⁰⁴ Official Gazette of RS, Nos 16/02, 115/05 and 107/09.

³⁰⁵ Official Gazette of RS, Nos 24/05, 61/05 and 54/09.

³⁰⁶ Official Gazette of RS, No 108/05.

³⁰⁷ Official Gazette of RS, No 76/06.

³⁰⁸ Official Gazette of RS, Nos 107/05, 72/09 – another law, 88/10, 99/10, 57/11 and 119/12.

³⁰⁹ Official Gazette of RS, No 107/12

³¹⁰ Harmonised with the EU Directive 862/2007.

STATE OF AFFAIRS IN THE AREA

- 4.3.5. **On January 1, 2013, the population of the Republic of Serbia totalled 7,181,505.**³¹¹ The population on January 1, 2012 was estimated at 7,216,649, implying that the country's population decreased by 35 thousand during one calendar year, thereby continuing the Republic of Serbia's depopulation trend. Thus, in the past decade, between 2002 and 2012, the Republic of Serbia lost 301 thousand of its citizens, in the most part due to the negative natural growth. The fundamental reasons behind the substantial depopulation were the low fertility rate and the relatively high (by European standards) age-specific mortality rates.
- 4.3.6. **In 2012, the number of live births was smaller than the number of deaths by 35.1 thousand** (see: Table 7 - Population of the Republic of Serbia, 2012, Annex 1). At the same time, the year 2012 was the twenty-first consecutive year in which negative natural growth was recorded in the Republic of Serbia. In relative terms, the natural growth rate per one thousand inhabitants was -4.9‰. In the same year, the natural growth rate in the EU was 0.4‰. From all EU Member States, only Bulgaria had a lower natural growth rate (-5.5‰) than that of the Republic of Serbia.³¹²
- 4.3.7. **Natural growth was negative in all four regions of the Republic of Serbia:** this indicator was at -2.4 thousand (-1.4‰) in the Belgrade Region, -9.5 thousand (-5.0‰) in the Vojvodina Region, -10.5 thousand (-5.2‰) in the Šumadija and Western Serbia Region and at -12.7 thousand (-8.0‰) in the Southern and Eastern Serbia Region. The true proportions of negative natural growth are more easily comprehended at the level of local governments. In 2013, negative natural growth was registered in 160 out of the total of 168 local government units (municipalities, towns and town municipalities).
- 4.3.8. **A moderate increase in the number of live births was recorded in 2012.** The increase was not significant in absolute values – the difference in comparison with 2011 was about 1,660 babies, i.e. the number of new-borns increased from 65,598 to 67,257. This was merely an annual variation in the number of live births, since the registered level of births is considerably lower compared to the beginning of the 21st century (in 2003, there were 79 thousand live births).
- 4.3.9. According to statistical data for 2012, **a slight increase in the number of live births per 1,000 inhabitants occurred.** Thus, the registered crude birth rate was 9.1%, whereas in 2011 it was 9.0%. In 2012, the Belgrade Region had a distinctly higher birth rate (11.0‰) than the national average, whereas that of the Eastern and Southern Serbia Region was below average (8.2 ‰). With fewer than 10 live births per 1,000 inhabitants, the Republic of Serbia has one of the lowest birth rates among the European countries. In 2012, eleven EU Member States had fewer than 10 live births per 1,000 inhabitants, including Germany with its record low rate of 8.4‰. The birth rate in the EU was 10.4‰.
- 4.3.10. For five consecutive years, **the average number of children per woman in the Republic of Serbia stabilized in the range between 1.40 and 1.45**³¹³, but it is still much below the rate needed for replacement of the population, which is ensured with the rate of 2.1 children per woman. Regional disparities identified in 2012 with respect to this indicator were not significant. However, the differences of total fertility rates at lower territorial levels were more pronounced, especially at the municipal level. Thus, Tutin and Sjenica were the only two municipalities in

³¹¹ Source: Statistical Office of the Republic of Serbia. All data for the Republic of Serbia are presented without the data for the Autonomous Province of Kosovo and Metohija.

³¹² The data referring to the EU are taken from the internet presentation at the address: http://epp.eurostat.ec.europa.eu/portal/page/portal/population/data/main_tables, as well from Pison, G. (2011) *The Population of the World* (2011), Population & Societies, 480 and Wittgenstein Centre, Vienna Institute of Demography, International Institute of Applied Systems Analysis, European Demographic Data Sheet 2012

³¹³ Documentation of the Demographic Research Centre within the Institute of Social Sciences.

Serbia whose total fertility rates ensured the replacement of their population (2.41 and 2.14, respectively). Conversely, the average number of 0.844 children per woman registered in Crna Trava was a good illustration of a municipality's extreme demographic collapse. The total fertility rate in the EU countries was 1.57. The highest rates were recorded in Ireland (2.07) and France, Sweden and the United Kingdom (2.00 in each of them). At the other end of the list were Portugal, Romania and Hungary with total fertility rates of 1.36, 1.32 and 1.3, respectively.

- 4.3.11. **Postponement of childbearing is a major cause of low fertility** in Europe nowadays³¹⁴, the Republic of Serbia being no exception to this trend. In the Republic of Serbia, women's non-participation in the reproduction of the population is high between age 20 and 24, but also relatively high in age brackets 25–29 and 30–34. Namely, according to the 2011 Population Census, the respective shares are 82.1%, 55.3% and 30.6%. These shares also indicate the continually expanding trend of increasing number of women who did not give birth to any children in their optimum period of life in the Republic of Serbia, in the first decade of the 21st century. The majority of women in these age cohorts accepted low standards regarding the size of the family and most of them will participate in reproduction. However, it is reasonable to expect that a number of women will not be able to achieve their desired number of children for various reasons. This particularly refers to women between age 30 and 34 who have no children. Considered by region, the census-identified shares of women in this age cohort who did not participate in reproduction ranged between 23.0% (Southern and Eastern Serbia Region) and 42.8% (Belgrade Region). In as many as 11 local government units, more than 40% of women aged 30–34 were childless. Extremely high values were registered in the central Belgrade municipalities: Stari grad 64.3%, Vračar 57.7%, Savski venac 54.8% and Novi Beograd 51.7%.
- 4.3.12. As stated above, birth grant and maternity pay during maternity leave and childcare leave, equal to the amount of an employed mother's earnings, are the two direct population policy measures relevant to birth promotion. On October 1, 2013, birth grant amounted to RSD 36,743 for the birth of the first child, RSD 143,681 for the second, RSD 258,613 for the third and RSD 344,814 for the fourth child in a family. In 2013, an average of RSD 525 million were spent for these purposes on monthly basis. The disbursement of maternity pay equal to employed mothers' wages/salaries during maternity/childcare leave is considerably more budget-intensive. Slightly more than RSD 2 billion was allocated on monthly basis for 36.7 thousand recipients of this benefit in 2013.

Table 4.3.12: Number of beneficiaries and annual amounts paid on account of birth grant and maternity pay (in RSD millions). 2011–2013

	2011	2012	2013
Maternity pay equal to an employed mother's earnings, during maternity leave and childcare leave			
Total expenditure in RSD million	21,513	22,756	24,489
Number of mothers – benefit recipients	35,502	36,702	36,686
Birth grant			
Total expenditure in RSD million	5,326	5,738	6,292
Number of children	62,182	61,148	66,516
Number of beneficiaries	60,919	59,880	64,962

Source: Ministry of Labour, Employment, Veteran and Social Affairs

- 4.3.13. **In relative terms, the Republic of Serbia's allocations for birth grant were larger than in any other EU country.** Namely, the largest birth grant expenditures in the EU in 2011 were in Slovakia and Croatia, both at 0.1% of GDP. In the same year, the Republic of Serbia spent 0.2%

³¹⁴ Sobotka, T. (2004). Postponement of Childbearing and Low Fertility in Europe, Dutch University Press, Amsterdam.

of GDP for these purposes.³¹⁵ Moreover, a comparative analysis of maternity pay amounts and the duration of maternity leave and childcare leave among the European countries indicates that the benefit system in the Republic of Serbia was among the more generous ones.³¹⁶ However, problems relating to the payment of maternity pay have been identified in practice³¹⁷, calling for changes which would enable that the payment is effected directly to the mothers, and that they are exempted from paying the so-called “solidary tax”.

- 4.3.14. **In 2012, a slight decrease in the number of deaths** was recorded in the Republic of Serbia, **but the crude death rate remained unchanged** compared to the previous year. A total of 102,400 persons died, i.e. 14.2 per 1,000 inhabitants, which was slightly fewer than in Bulgaria, the country with the highest crude death rate in the European Union. Considered by regions, the crude death rate ranged between 12.5‰ (Belgrade Region) and 16.2‰ (Southern and Eastern Serbia Region).
- 4.3.15. At the same time, **the number of infant deaths remained unchanged** (415 in 2012 compared to 414 in 2011), as did the infant mortality rate (6.2‰ and 6.3‰, respectively). This rate was considerably higher in the Southern and Eastern Serbia Region than in the Vojvodina Region (7.0‰ and 5.5‰, respectively). The value of this indicator in the Republic of Serbia was above the EU countries’ average (3.9‰), but also considerably lower than the number of infant deaths per 1,000 live births in Romania (9.4‰) and Bulgaria (8.5‰).
- 4.3.16. It is important to stress that the **trend of increasing life expectancy at birth for both sexes continued** in the Republic of Serbia in 2012. This indicator reached the value of 77.3 for women and 72.2 for men. In the Belgrade Region, the length of life of both sexes increased by one year, whereas in the Southern and Eastern Serbia Region it decreased by as much as 1.9 years for women and 2.4 years for men relative to the average value. Despite having reached the record level of 74.8 years, the length of life in the Republic of Serbia was five years shorter than that in the European Union, and almost seven and a half years shorter than in Spain – the country with the highest life expectancy in the EU.
- 4.3.17. There are no data on emigration from and immigration to the Republic of Serbia. Rough estimates based on the data from the major migrant-receiving countries from the Republic of Serbia, as well as on the Republic of Serbia’s total population figures from the 2002 and 2011 population censuses and the natural growth rates in the period between the censuses, indicated **net migration losses of around 15,000 persons per year in the period 2009–2011**.³¹⁸
- 4.3.18. **Traditionally, the Republic of Serbia has been a country of economic emigration.** In addition to Germany, Austria, Switzerland and Sweden, which are the target countries for migrants with primary and secondary education levels, and the countries overseas that are interesting to students and highly educated persons, popular new destinations include Italy (attractive to persons with secondary education) and the United Kingdom (popular among youth with the highest education). Among the new European Union Member States, the most important destinations for Serbian

³¹⁵ Matković, G., Mijatović, B., Stanić, K (2014): *Novčana davanja za decu i porodice sa decom u Srbiji - analiza i preporuke*, Centar za liberalno-demokratske studije, Beograd.

³¹⁶ Matković, G., Mijatović, B., Stanić, K (2014): *Novčana davanja za decu i porodice sa decom u Srbiji - analiza i preporuke*, Centar za liberalno-demokratske studije, Beograd.

³¹⁷ In his opinion on the Draft Second National Report on Social Inclusion and Poverty Reduction in the Republic of Serbia, the Ombudsman noted that he has identified three problems relating to the payment of maternity pay in the course of monitoring the work with citizen appeals: the problem of irregular payment, cases in which the mothers are paid the amount of minimum salary instead of the amount established in the decision on the right to the salary allowance during the childcare leave, and “solidary tax” to maternity pay due to delays in payment of allowances from the republic fund (in cases of simultaneous payment of two or more payments).

³¹⁸ Institute of Social Sciences (2013): SEEMG Country Report - Dynamic Historical Analysis of Longer Term Migratory, Labour Market and Human Capital Processes in Serbia.

nationals are Slovenia and Hungary.³¹⁹ **Immigration to the Republic of Serbia in recent years has mainly consisted of Serbian nationals** returning from abroad as pensioners, or those interested in continuing their working careers in their homeland. There is no official estimate of the number of returnees at an annual level. Foreigners constitute a minority in the immigrant population. If the persons who received first-time temporary residence permits valid up to 12 months³²⁰ are considered as immigrants, then, on average, 3.4 thousand foreigners were annually registered as immigrants in the period 2009–2010.³²¹ This piece of information was not included in the Migration Profile of the Republic of Serbia for 2011.³²² The largest inflow of foreigners to the Republic of Serbia in 2011, the same as in the year before, was from China, Romania, Macedonia, Russian Federation and Ukraine. The number of persons immigrating to Serbia from these countries in 2011 slightly increased compared to the previous calendar year. The main reasons for immigration were work (47.1%) and family reunification (40.3%). The immigrants coming for work were predominantly men, whereas women mostly came for reasons of family reunification.

- 4.3.19. Despite the continuing trend of decreasing refugee population, **there were 74,944 refugees in the Republic of Serbia in 2011**, more than 56,000 of which originated from the Republic of Croatia. More than a half of all refugees in the Republic of Serbia were above 50 years of age. In 2011, 21,166 refugees (28.2% of the total refugee population) lived in Belgrade, whereas 36,521 refugees, i.e. almost a half of the refugee population, resided in the Autonomous Province of Vojvodina.³²³
- 4.3.20. **The number of refugees in the Republic of Serbia is decreasing** as a result of the loss of the refugee status when these persons obtain Serbian citizenship, return to the country of their origin or migrate to third countries. The Republic of Serbia is ranked 31st in the world for the number of received refugees.³²⁴
- 4.3.21. In 2011, about 210 thousand persons in the Republic of Serbia were still registered as displaced from the Autonomous Province of Kosovo and Metohija, which ranked Serbia 12th in the world and the first in Europe for the number of internally displaced persons.³²⁵ In terms of ethnic background, the majority of internally displaced persons were Serbs. The largest share of internally displaced persons (138,153 persons or 65.8% of the displaced population) lived in Central Serbia outside of Belgrade. Residence in Belgrade was taken by 59,445 internally displaced persons, i.e. 28.3% of the displaced population, whereas 12,235 (5.8% of all displaced persons) settled in the Autonomous Province of Vojvodina.³²⁶
- 4.3.22. In 2012, out of the total number of received requests for **return of persons under the readmission scheme** (7,709 in total), almost a half of those requests (48.33%) came from the Federal Republic of Germany, followed by Hungary (15.90%) and the Kingdom of Sweden (12.53%). From the aspect of sex, 62% were men and 38% were women. In terms of the returnees' age profile, 64.69% were legally adult persons and 35.31% were juveniles.³²⁷

³¹⁹ The presented profile of emigration from Serbia is based on Eurostat data and the available data from the national statistical institutions. Kupiszewski, M., Kupiszewski, D., Nikitović, V. (2012). *The Impact of Demographic and Migration Flows on Serbia*, International Organisation for Migration, Mission to Serbia, Belgrade.

³²⁰ The profile closest to the definition of immigrants under the EU Regulation on Migration (No 862/2007)

³²¹ Government of the Republic of Serbia (2011): Migration Profile of the Republic of Serbia for 2010.

³²² Government of the Republic of Serbia (2012): Migration Profile of the Republic of Serbia for 2011.

³²³ Ibid.

³²⁴ UNHCR (2011): Global Trends 2010.

³²⁵ Ibid.

³²⁶ Government of the Republic of Serbia (2012): Migration Profile of the Republic of Serbia for 2011.

³²⁷ Migration Profile of the Republic of Serbia:

http://www.kirs.gov.rs/docs/migracije/Migracioni_profil_Republike_Srbije_za_2012.pdf

- 4.3.23. If we also consider the **number of asylum seekers in our country**, it progressively increased every year. Although the final destination for many of them was some of the European Union countries, most of them temporarily settled in one of the two asylum centres³²⁸, or in private accommodation. Juveniles are most commonly placed in the Children's Shelter in Belgrade and Niš, which provides temporary and comprehensive care for children and youth. Between January and October 2013, 3,178 persons expressed their intention to seek asylum in the Republic of Serbia, whereas in 2012, there were 2,723 of them in total. As regards the asylum seekers' country of origin, more than 50% (53.1% in 2012 and 73.9% in 2013)³²⁹ were citizens of Syria, Somalia, Afghanistan, Algeria and Pakistan.³³⁰ When it comes to juvenile persons, 315 of them were unaccompanied when they sought asylum in the Republic of Serbia (Syria - 84, Afghanistan - 74, Pakistan - 26).³³¹ In 2012, residence in the Republic of Serbia was terminated for 7,899 foreigners, where the majority of them were citizens of Afghanistan and Pakistan (53.73%).³³² During 2011, not a single first-instance decision granting asylum was made, whereas in 2012, asylum was granted to three persons in total.³³³
- 4.3.24. In 2012, more than 1,255,000 persons in the Republic of Serbia were 65 years old or above. The share of the elderly in the total population was 17.5%, which ranked the Republic of Serbia among the countries with the oldest populations in Europe. The corresponding share in the EU was 17.9%. The fundamental reason for ageing of the Republic of Serbia's population was the low and declining birth level. The population ageing process has already been active for more than four decades, proceeding from the top of the population pyramid downward (increase of the elderly people's share) and from the base of the population pyramid upward (decrease of the share of youth). As a result, the number of persons above the age of 65 is nowadays 21.6% larger than the number of young persons under 15 years of age.
- 4.3.25. Ageing has resulted in an increased old-age-dependency ratio.³³⁴ According to the data of the Population Census 2011, the ratio in the Republic of Serbia was higher than 25%, indicating one person older than 65 to four persons of working age. This level of dependency ration is close to the EU average (25.9% in 2010).
- 4.3.26. **Average age of the Republic of Serbia's population in 2011 was as high as 42.2 years.**³³⁵ From the aspect of sex, average age of women was 43.5, while that of men was 40.9 years. Considered by regions, the highest average age was found in the Southern and Eastern Serbia Region (43 years), while the lowest was in the Belgrade Region and the Vojvodina Region (41.8 years in both). By narrowing the analysis down to the municipal level, it becomes evident that many parts of the Republic of Serbia are heading towards a very unfavourable demographic future, while some of them seem to have no future at all. Examples of extreme demographic collapse are the municipalities of Svrljig, Gadžin Han and Crna Trava, all three with average age above 50 years (50.6, 52.5 and 53.7 years, respectively). The municipalities with the lowest average age are Tutin (32.1 years), Novi Pazar (33.5 years) and Sjenica (37 years).

³²⁸ Asylum Centre in Bogovada (a total of 1,034 persons by October 2013) or Asylum Centre in Banja Koviljača (a total of 472 persons by October 2013).

³²⁹ In 2012: Syria 757, Somalia 323, Afghanistan 244, Algeria 236, Pakistan 127. In 2013: Afghanistan 804, Somalia 505, Syria 287, Pakistan 247 and Algeria 169.

³³⁰ *Azil u Srbiji, Izveštaj za period jun – oktobar*, Beogradski centar za ljudska prava, Beograd, 2013, http://azil.rs/doc/periodi_ni_izve_taj_FINALNI_jun_oktobar_2013.pdf, accessed on June 2, 2014.

³³¹ Ibid.

³³² Migration Profile of the Republic of Serbia

http://www.kirs.gov.rs/docs/migracije/Migracioni_profil_Republike_Srbije_za_2012.pdf

³³³ Ibid.

³³⁴ The old-age-dependency ratio is the ratio between the number of persons older than 65 in relation to 100 persons of working age (aged 15 to 64) and indicates the potential of a country to face the economic consequences of ageing.

³³⁵ Population Census, 2011, SORS.

- 4.3.27. In 2012, **the growth trend of the aged population continued**. The number of persons aged 80 or above exceeded 264 thousand and accounted for 3.7% of the total population. The corresponding share in the EU reached almost 5%. In addition to ageing of the elderly population, another important characteristic of this age group was the predominance of women. The number of women significantly exceeded the number of men in the elderly population above 80 years of age (63% to 37% ratio in the Republic of Serbia in 2012).
- 4.3.28. **The Republic of Serbia's ethnic structure**, determined in the 2011 Population Census, did not significantly change in the period between the last two censuses. Serbs were dominant with the share of 83.32%, despite the fact that their absolute number decreased by 225 thousand (relative increase of 0.4 percentage points). Hungarians comprised the second largest ethnic group, with the share of 3.53% (previously, their share had been 3.9%; the decrease in absolute figures was 39 thousand). These two were followed by ethnic groups which were not affected by depopulation in the period between the two censuses (2002–2011): Bosniaks with the share of 2.02% (an increase of 9 thousand compared to the 2002 Census) and Roma with 2.05% (an increase of 39 thousand). Among other groups, it is relevant to highlight Albanians who boycotted the 2011 Census (in 2002, their share was 0.8%). All other ethnic groups accounted for less than one percent of the total population. It should be stressed that the 2011 Census did not determine the ethnic affiliation of the persons who chose not to declare it, declared themselves as Yugoslavs, declared their geographic rather than ethnic background, or declared it as “unknown”, totalling almost 300 thousand persons (4% of the total population).
- 4.3.29. **The 2011 Census results** also indicated that Serbs constituted the dominant ethnic group in all four regions of the Republic of Serbia. At the same time, it was established that the Vojvodina Region had a heterogeneous population of the bimodal type; although numerous ethnic groups inhabited this area, two were markedly dominant: Serbs (66.76%) and Hungarians (13%), which together accounted for more than three quarters of the total population. In the Šumadija and Western Serbia Region, in addition to 88.57% Serbs, a significant share of Bosniaks (7.03%) was registered. The three most prevalent ethnic communities in the Southern and Eastern Serbia Region were Serbs (89.11%), Roma (3.66%) and Vlachs (2.1%).

CONCLUSIONS AND CHALLENGES

- 4.3.30. In addressing the need to mitigate demographic problems efficiently, **socio-economic and cultural dimensions emerge as the basic streams of action** in all three spheres of demographic development: fertility level, life expectancy and migration. Priority should be given to economic development and investment in healthcare, educational and environmental programmes. It should be underlined that time is a crucial factor in population policy since, on the one hand, achievement of positive effects in the demographic sphere requires time and, on the other, any postponement of changes leads to deterioration of the demographic base and reinforces its inertia.
- 4.3.31. Further warning comes from the findings of the **research on attitude change** – from individuals' expectations of the state to decrease the financial cost of parenthood by providing soft loans for addressing housing problems and to improve childcare services for employed mothers in order to increase the birth level, which were common in the 1990s³³⁶, towards young people's insisting on childbearing preconditions that are difficult to achieve, such as financial independence and stable partner relationships.³³⁷ Accordingly, it seems important not only to increase the financial transfers for the families with children, but also to provide support to contemporary forms of partnership and to help achieve a balance between family and work.

³³⁶ Rašević, M. (1995). *Prihvatanje populacione politike na individualnom nivou*, Stanovništvo, 33:41-55.

³³⁷ Rašević, M., Sedlecki K. (2011). *Da li je realno očekivati promene u modelu planiranja porodice u Srbiji u neposrednoj budućnosti?*, Srpska politička misao, 4: 257-275.

- 4.3.32. **The phenomenon of population ageing** poses a serious challenge. It ranges from the change of the collective system of values, new relations between the generations, raising of the gender issue in an aged society, changed conditions of life, work and housing, to increased demand for health and social care, the pressure on pension funds and high expectations from the labour market and the economy in general. In the circumstances of the increasing length of life, individuals are also facing many challenges.
- 4.3.33. As a society that is set to continue ageing, the Republic of Serbia should create a different cultural climate and **develop a new status and role of elderly persons in a modern “elderly” society**. On the one hand, it is necessary to reject many stereotypes, prejudices and misconceptions about old age and, on the other, it is crucial to promote active ageing, as well as solidarity between and within different generations. In addition, it is important to improve the quality of life of persons in the third and fourth ages in other ways, as well.
- 4.3.34. The concept of **active ageing** is the best response to the challenges faced by the state and individuals in the conditions of demographic ageing and increasing length of life. It is necessary to support this concept by encouraging economic activity among the elderly, their participation in social activities, as well as their independent living in the old age for as long as possible, which is also a recommendation of the European Commission.³³⁸ With that regard, there is much scope for intervention at all levels (of the Government, local governments, expert community, civil society, the media and the elderly themselves), through actions based on the examples of good practice and the introduction of social innovations in the implementation of the concept of active ageing.
- 4.3.35. The findings of population projections indicate that the rehabilitation of fertility is not sufficient to achieve the desired demographic targets and that Serbia additionally needs to achieve a clearly positive migration balance.³³⁹ However, Serbian professional and political communities have not fully recognised the potential of integrating migrations into development programmes for recovery of the country, including the demographic revitalisation. The findings of a representative research conducted in 2010 confirmed that the Republic of Serbia’s emigration potential was still large.³⁴⁰ Economic and social development would not only contribute to decreased emigration, but also encourage immigration to Serbia. Hence, it is vital to **define the target groups of the immigrant population and develop integration measures** such as language learning, education or active labour market measures for foreigners. At the same time, Serbia should create a positive immigration climate, develop tolerance and acceptance of immigrants.

³³⁸ European Commission (2013): Social policies - Social Europe guide - Volume 5.

³³⁹ Kupiszewski, M., Kupiszewski, D., Nikitović, V. (2012). The Impact of Demographic and Migration Flows on Serbia, International Organisation for Migration, Mission to Serbia, Belgrade. Government of the Republic of Serbia (2011): National Employment Strategy for the period 2011–2020, Official Gazette of RS, No 37/11.

³⁴⁰ Bačević, Lj. et al. (2011). Democracy in unstable social spaces: Serbia - Report on the Survey conducted in November 2010 in Serbia, Belgrade, Institute for the Danube Region and Central Europe, University of Vienna and Institute of Social Sciences.

4.4. Regional Cohesion

LEGAL AND STRATEGIC FRAMEWORK IN THE REPUBLIC OF SERBIA

- 4.4.1. Pursuant to the **Law on Regional Development**,³⁴¹ the Republic of Serbia introduced the NUTS³⁴² classification, with five³⁴³ NUTS II regions: Vojvodina Region, Belgrade Region, Šumadija and Western Serbia Region, Southern and Eastern Serbia Region and Kosovo and Metohija Region. The Law regulates: the modality of determining the areas that constitute a region and the modality of determining local government units that constitute an area; development indicators of regions and local government units; classification of regions and local government units by development levels; development documents; regional development entities; measures and incentives; funding sources for the implementation of regional development measures. The most important changes expected from the passage of the new law refer to the implementation of the sector-based approach in planning and delivering regional policies and to certain modifications of the institutional framework.
- 4.4.2. **The Serbian Regional Development Strategy for the period 2007–2012**³⁴⁴ is the first document that identified, in a comprehensive and consistent manner, the fundamental development priorities of the Republic of Serbia's regional development and the methods to achieve them.³⁴⁵
- 4.4.3. **The revised National Plan for the Adoption of the European Union Acquis (2014–2018)**³⁴⁶, in chapter 22 thereof – Regional Policy and Coordination of Structural Instruments, stipulates as the main short-term priority the adoption of the Law Amending the Law on Regional Development, so as to ensure the establishing of a system managing the national regional development policy, which is complementary to the system of planning the national budget and to the system managing the EU pre-accession funds.
- 4.4.4. **The National Priorities for International Assistance in the Republic of Serbia 2014–17, with projections until 2020**³⁴⁷, is a strategic programming document which provides a means for increasing the alignment of international assistance with the national priorities and defines overall objectives, priorities, measures and indicators for nine sectors (justice, home affairs, public administration, transport, environment and climate change, energy, competitiveness, human resource and social development and agriculture and rural development), as well as three thematic areas (civil society, media and culture). Local/regional development is a cross-cutting issue in all of the sectors' and thematic areas' priorities, measures and indicators.

³⁴¹ Official Gazette of RS, Nos 51/09 and 30/10.

³⁴² French: Nomenclature des unités territoriales statistiques – NUTS.

³⁴³ Law on Amendments to the Law on Regional Development, Official Gazette of RS, No 30/10.

³⁴⁴ Official Gazette of RS, No 21/07.

³⁴⁵ The competent ministry has prepared the Draft National Plan of Regional Development for the period 2014–2020. This document will define the strategic objectives and priorities of the regional policy in the Republic of Serbia, as well as the methods to achieve the objectives, taking into account the sector- and territory-based approach. The adoption of this plan is expected in the forthcoming period, in parallel with the adoption of the amendments to the Law on Regional Development. This document will serve as the basis for the development of regional development strategies for each of the five regions. It is particularly important that the regional development strategies acknowledge the specific features of poverty in each of the regions, in order to enable the highest possible impact of measures.

³⁴⁶ Government Conclusion 05 no: 337-8355/2014 as of July 31, 2014.

³⁴⁷ Strategic programming document which provides a means for increasing the alignment of international assistance with national priorities, to ensure that targeted donor interventions are complementary to national priorities and the national budget allocations for implementation of strategic reforms.

STATE OF AFFAIRS IN THE AREA

- 4.4.5. **Regional disparities** in the Republic of Serbia are among the highest in Europe, reflected not only between the developed and underdeveloped regions, but also between cities and municipalities, between different cities, rural and urban areas, as well as between different municipalities in the group of underdeveloped municipalities, between economically promising and devastated centres, administrative centres and their hinterlands, border and inland municipalities, municipalities lying on infrastructure corridors versus those with only 20% of modern paved roads, etc.
- 4.4.6. There are pronounced regional disparities by the level of at risk of poverty rate – the Belgrade Region is the only region with a below the average rate. The Eastern and Southern Serbia Region and the Western Serbia Region are the most disadvantaged regions. These data are compatible with the data on the level of education (the share of population with primary or lower education attainment) and the labour market status (measured by the unemployment rate), which indicate that the situation in these regions is the most adverse.

Table 4.4.6: At-risk-of-poverty rate by regions of the Republic of Serbia, 2012, %

Region	At-risk-of-poverty rate	At-risk-of-poverty rate before social transfers		At-risk-of-poverty rate by age		
		All pensions calculated as social transfers	Old age and family pensions calculated as income	0-17	18-64	65+
Belgrade Region	11.6	37.2	17.2	14.1	12.0	7.6
Vojvodina Region	26.8	51.4	33.5	34.3	26.2	20.7
Šumadija and Western Serbia Region	28.2	53.6	35.6	31.9	27.7	26.6
Eastern and Southern Serbia Region	31.0	57.5	38.4	39.1	31.7	21.4
Republic of Serbia	24.6	50.1	31.4	30.0	24.5	19.5

Source: SILC, SORS

- 4.4.7. **Developed regions** are the ones whose GDP is above the national average and, currently, only the Belgrade Region is in this category. **Underdeveloped regions** are defined as regions whose GDP level is below the national average, and these are: Vojvodina Region, Šumadija and Western Serbia Region and the Southern and Eastern Serbia Region. The Kosovo and Metohija Region also has the status of an underdeveloped region.³⁴⁸
- 4.4.8. According to the **development level of local government units**,³⁴⁹ the first group comprises 23 local government units whose level of development is above the national average; the second group consists of 35 local government units whose development level ranges between 80% and 100% of the national average; the third group includes 41 underdeveloped local government units

³⁴⁸ Official Gazette of RS, No 62/13, Decree on the Single List of Regions and Local Government Units by Development Levels for 2013.

³⁴⁹ Ibid.

whose development level ranges between 60% and 80% of the national average; the fourth group comprises 46 extremely underdeveloped local government units whose development level is below 60% of the national average, while 23 local government units from the fourth group, whose development level is below 50% of the national average, are classified as devastated areas.

- 4.4.9. The main problems of regional development, which are at the same time the principal development problems of the Republic of Serbia, include: unemployment and social exclusion, demographic devastation, poor educational structure of the population, insufficient competitiveness of the economy, insufficiently developed infrastructure, incomplete institutional framework and insufficiently prepared administration in terms of its capacities for programme and project implementation.³⁵⁰
- 4.4.10. **Unemployment** is the key economic and social problem across all regions of the Republic of Serbia. Currently, the highest unemployment rate of the population aged 15–64 is in the Southern and Eastern Serbia Region (24.8%), followed by the Šumadija and Western Serbia Region (21.9%), Vojvodina Region (21.6%) and Belgrade (18.2%).³⁵¹ The employment rate (for age 15–64) is the highest in the Belgrade Region (50%), followed by the Šumadija and Western Serbia Region (48.9%), Vojvodina Region (47.3%) and the Southern and Eastern Serbia Region (45.5%).
- 4.4.11. The increase of unemployment was also followed by the growing number of local government units with more pronounced unemployment rate fluctuations. Out of 145 local government units in the Republic of Serbia³⁵² in 2012, 115 had higher unemployment rates compared to the beginning of the recession period, among which 15 local governments experienced the increase of unemployment rate of more than 10%, 61 registered an increase of 5–10%, while in 39 local governments the increase of unemployment rate ranged between 0% and 5%.³⁵³
- 4.4.12. The regional aspect of unemployment becomes even more evident when account is taken of the extremely **negative trend of unemployment in the predominantly farming, devastated and long-term underdeveloped municipalities**, in which as many as 50–70% of the population is jobless. This group of 36 municipalities includes (in descending order of their unemployment rates) Aleksinac, Doljevac, Merošina, Tutin, Žitorađa, Bela Palanka, Bojnik, Lebane, Krupanj, Mali Zvornik, Trgovište, Medveđa and others.³⁵⁴
- 4.4.13. The principal characteristics of the Republic of Serbia's population are the changes that have brought it **to the verge of demographic old age**, which is the consequence of various trends of the vital events. The fact that 22 regional areas have negative demographic values (the rate of population decrease between the two censuses) considerably diminishes the economic and social foundation for regional development. The area covered by 23 cities (24.3% of the territory of the Republic of Serbia) accounts for 60.7% of the overall population, as well as close to 72% of the total number of employed persons in the Republic of Serbia.³⁵⁵
- 4.4.14. A total of 95.5% of the population aged 15–64 years attained a certain **level of education**, where primary school accounted for 22.3%, secondary school for 56.4%, non-university college for

³⁵⁰ Report on the Development of Serbia for 2012, Ministry of Regional Development and Local Government (the problems presented in this paragraph have been adapted to a certain extent in comparison with the original wording).

³⁵¹ Labour Force Survey, first quarter of 2014, Statistical Office of the Republic of Serbia.

³⁵² The number of local government units (municipalities, towns and town municipalities) in the Republic of Serbia is given without the data for the Autonomous Province of Kosovo and Metohija.

³⁵³ Report on the Development of Serbia for 2012, Ministry of Regional Development and Local Government.

³⁵⁴ Ibid.

³⁵⁵ Ibid.

5.8% and universities and academies for 11% of them, whereas 0.8% of the population had no formal education and 3.7% had incomplete primary education.³⁵⁶

Table 4.4.14: Educational level of the population aged 15–64, disaggregated by regions

Region/ educational level	Belgrade Region	Vojvodina Region	Šumadija and Western Serbia Region	Southern and Eastern Serbia Region	Kosovo and Metohija
No education	0.6	1.1	0.5	0.9	-
Incomplete primary school	1.2	4.0	4.0	5.7	-
Primary school	13.7	23.9	25.9	24.8	-
Secondary school	57.3	57.2	56.3	54.4	-
Non-university college	8.6	4.9	4.8	5.4	-
University, academy	18.6	8.9	8.5	8.8	-

Source: Labour Force Survey 2013, Republic Statistical Office, 2014

4.4.15. Educational structure of the population is low in almost two thirds of the municipalities.

There is a mismatch between education and (un)employment, contributing to both territorial and sectoral misbalance in the labour market.

4.4.16. The structures of the regional economies have been found to vary considerably, given that the Vojvodina Region has a dominant position in creating added value in the sector of agriculture, whereas the Belgrade Region's largest contribution to GDP is in the services sector. Regional distribution of industry is highly unbalanced, with almost two thirds of the manufacturing industry concentrated in two regions (Belgrade Region and Vojvodina Region). The distribution of different sectors indicates that agricultural companies gravitate towards the primary production, whereas the companies in the services sector are located in cities, where highly competent workforce is commonly available and where the quality of infrastructure (and, most importantly, telecommunications) is the highest.

4.4.17. The analysis of business indicators for 2011 shows that the largest contribution to the Serbian economy arrived from the companies in the Belgrade and South Bačka areas (64% of revenue), which also had the largest share in the number of companies (54.2%) and the number of employed persons (52.8%), in contrast to the Toplica area, which generated 0.2% of the revenue and had the smallest share of companies (0.5%) and employed persons (0.6%).³⁵⁷

4.4.18. Insufficient competitiveness of the Serbian economy can be illustrated with the example of agriculture. With 3.8 million hectares of agricultural land available³⁵⁸, the Republic of Serbia exported goods worth about EUR 2 billion.³⁵⁹ At the primary level, farms are extremely fragmented and a large number of farming households produce food (mostly) for personal consumption. It is estimated that about 60% of farming households have no surplus of products to sell, or they sell them only occasionally in green markets.

4.4.19. Infrastructural problems are multiple. The Republic of Serbia is still facing numerous challenges regarding the quality of water. Among the water samples from the rivers in Vojvodina,

³⁵⁶ Labour Force Survey, October 2013, Statistical Office of the Republic of Serbia.

³⁵⁷ Report on the Development of Serbia for 2012, Ministry of Regional Development and Local Government.

³⁵⁸ <http://popispoljoprivrede.stat.rs/>

³⁵⁹ Statistical Office of the Republic of Serbia, Statistical Calendar 2012 (data for 2011). For comparison purposes, with 1.9 million hectares of agricultural land, the Netherlands exported goods worth EUR 75 billion in 2012 (source: Eurostat).

43% of the samples were categorised as “very poor” and “poor” water quality. The water supply network comprises 33,228 km of pipelines and about 79% of the country’s population is connected to the public water supply system (92% in Vojvodina). Despite continual increase, the share of households connected to the public sewage network is still small: only 36% in Central Serbia excluding the Belgrade Region and 23% in the Vojvodina Region. Wastewater treatment plants are in place in 21 local government units (out of 219 registered areas in the Republic of Serbia); even the largest cities in the Republic of Serbia (Belgrade, Niš and Novi Sad) discharge their wastewater untreated into receiving water bodies.

- 4.4.20. **The Republic of Serbia’s road network is at the level of medium developed European countries;** more than a half of municipal roads and streets are not appropriate for the needs of modern traffic, 32% of Ia and IIa class state roads (motorways and regional roads) are over 20 years old and only 14% were constructed in the past ten years. The share of municipal roads and streets with modern surfaces is below the national average level in 45 municipalities, while the situation is the worst in the underdeveloped municipalities where the share of municipal roads and streets with modern surfaces is as low as 65%.³⁶⁰ In the Southern and Eastern Serbia Region, the number of state roads (in km/1,000 km²) lags behind other regions and only 60% of public roads in this region and the Šumadija and Western Serbia Region fulfil modern traffic requirements (in the Vojvodina Region and Belgrade Region this share exceeds 80%).
- 4.4.21. **Information and communications technology (ICT) companies** are concentrated in three main centres – Belgrade, Novi Sad and Niš. Out of the total number of companies with internet access, 87.6% of them use e-government services, which is an increase of 0.2% compared to 2012, and an increase of 7.8% compared to 2011.³⁶¹ According to the data for 2012, e-government services were mostly used by companies in the Belgrade Region (92%), followed by the Vojvodina Region (81.7%), Šumadija and Western Serbia Region (80.5%) and the Southern and Eastern Serbia Region (85.1%).³⁶²

MEASURES AND PROGRAMMES

- 4.4.22. Currently, there is no reliable way of identifying the measures and programmes that contribute to the achievement of strategic objectives of the regional policy. Moreover, there is no evaluation of the effects of public spending from the national budget of the Republic of Serbia.
- 4.4.23. **According to the Report on the Development of Serbia for 2012**³⁶³, out of the total financial support for the economic and regional development, which amounted to EUR 5.4 billion for 74,783 projects from 2011 onwards, regions attracted EUR 2.3 billion for 72,512 projects. However, the accuracy of the data presented in the above document is questionable. Namely, the report itself stated that only about 40% of the total funds could be attributed to individual regions, since the remaining funds (60%) were related to joint projects (intended for two or more regions). This lack of accuracy is exactly what led to the conclusion that, in 2011, the Belgrade Region received 60% of funds of the European Integration Office, 88% of the funds of the Ministry of Transport and 69% of the City of Belgrade Secretariat for Economy. In addition, the report did not take into account the funds absorbed by local governments.

³⁶⁰ National Priorities for International Assistance in the Republic of Serbia 2014–17, with projections until 2020, European Integration Office, [http://www.evropa.gov.rs/Documents/Home/DACU/5/21/NAD%202014-2017%20sa%20projekcijama%20do%202020%20\(srpski\).pdf](http://www.evropa.gov.rs/Documents/Home/DACU/5/21/NAD%202014-2017%20sa%20projekcijama%20do%202020%20(srpski).pdf), accessed on June 2, 2014.

³⁶¹ Usage of information and communications technologies in the Republic of Serbia, 2013, Statistical Office of the Republic of Serbia, <http://webzrzs.stat.gov.rs/WebSite/repository/documents/00/01/14/03/PrezICT2011.pdf>, accessed on June 6, 2014.

³⁶² Statistical Yearbook 2013, Statistical Office of the Republic of Serbia

³⁶³ The Ministry of Regional Development and Local Government’s Report on the Development of Serbia uses the data from the Business Registers Agency’s Regional Development Measures and Incentives Register, which contains the data on all financial incentives from public and donor sources. The data is collected from 16 competent institutions.

- 4.4.24. **The Support Programme for Regional and Local Development** in 2013³⁶⁴ was implemented by the Ministry of Regional Development and Local Government with a view to supporting a balanced regional development, increase of competitiveness in the regions and local government units and promotion of inter-municipal, interregional, cross-border and international cooperation.
- 4.4.25. In the reporting period, the **Office for Sustainable Development of Underdeveloped Areas** announced three public competitions for the award of funds for development of project documentation for underdeveloped areas. The public competition envisaged funding and co-funding of the development of project documentation, aimed at: creation of preconditions for faster development of underdeveloped areas, poverty reduction, creation of new jobs in underdeveloped areas and increase of the standard and quality of living in underdeveloped areas.³⁶⁵
- 4.4.26. As regards **international development assistance**, its programming, monitoring and evaluation is organised by sectors, while regional development is a cross-cutting issue. Estimated international assistance in the period 2011–2012³⁶⁶ amounted to approx. EUR 2.1 billion. The most funds were invested in the fields of traffic (EUR 568 million), industry, including small and medium-sized enterprises (EUR 375 million) and public finance management (EUR 109 million). Around EUR 23 million was invested in the social sphere, about EUR 69 million in education and about EUR 22 million in the field of employment. Some of the projects that were implemented, or still being implemented, include: The European Partnership with Municipalities Programme (EU PROGRESS), worth EUR 18.1 million, implemented in 25 municipalities in the southern and eastern Serbia; the Regional Housing Programme, worth around EUR 320 million; Exchange 4, worth EUR 5.8 million, aimed at strengthening local government units' capacities in the field of municipal planning, financing and provision of services.

CONCLUSIONS

- 4.4.27. **Regional disparities in the Republic of Serbia are among the highest in Europe.** The differences between development levels (average wage, national income, level of migrations, employment and labour market situation) of Serbia's territorial parts indicate development gaps among the regions. The situation in southern parts of the country is less favourable in comparison with the north, the same as in rural areas compared to urban ones.
- 4.4.28. The Republic of Serbia still **lacks a clearly defined national regional policy.** Despite the fact that the necessity and significance of sustainable regional development have been acknowledged in the country's highest legal document, as well as in a certain number of strategic documents and laws, the Law on Regional Development currently contains solutions that are not applicable in practice, while the established institutional framework, consisting of regional development entities, is not functional. As a result, the key challenges in the implementation of the programmes and measures contributing to the achievement of the national regional policy's strategic objectives are chiefly systemic in nature.

³⁶⁴ The programme comprised three measures: the measure of increasing regional and local competitiveness, the measure of co-financing the participation of accredited regional development agencies and local government units in the implementation of regional and local projects and the measure of co-financing yearly membership fees of local government units for operation of accredited regional development agencies. The funds earmarked for implementation of the programme in 2013 amounted to RSD 70 million. Depending on the measure, eligible programme beneficiaries included medium-sized economic entities, accredited regional development agencies and local government units that fulfilled the requirements specified in the public call. For more information, visit: <http://www.mrrls.gov.rs/lat/node/1116>

³⁶⁵ An amount of RSD 1 million was allocated in both 2011 and 2012, whereas in 2013 the allocated amount was EUR 1 million.

There was no follow-up of the impact of these measures. For more information, visit: <http://www.kornrp.gov.rs/site/page>

³⁶⁶ Source: ISDA CON IS (www.evropa.gov.rs), December 2013. Data for 2013 are still unavailable.

- 4.4.29. The absence of a clear national policy of regional development automatically reflects on the functionality of certain authorities at the lower levels of governance. The sustainability of regional development agencies is not ensured, regional development agencies do not cover the entire territory of the Republic of Serbia, their competences are unclear etc. **The foundation for future systemic solutions should be the sector-based approach**, which practically means that an authority competent for national regional policy is in charge of coordinating and monitoring policy implementation, whereas the implementation itself is the responsibility of the line ministries, autonomous provinces and local governments.
- 4.4.30. The complicated system of strategic planning, as well as the absence of a strategic framework concerning regional development, structured on a sector-based approach, impede the planning of measures and projects contributing to regional development. It is also important to underline the **absence of a system for monitoring and evaluation of impact of the measures and programmes** financed from the national budget of the Republic of Serbia. The absence of the impact evaluation system is what makes it impossible to adequately determine the outcomes of activities implemented thus far that contribute to regional development or the position of vulnerable social groups.
- 4.4.31. On the other hand, **the support from international development assistance is pivotal** in the current economic situation, as well as in the ongoing reform process. The projects funded under international development assistance should be built on results and best practices in order to reach the target groups and fulfil their needs.
- 4.4.32. Vitally important in the forthcoming period is the **preparation for cohesion policy**, i.e. Chapter 22 – Regional Policy and Coordination of Structural Instruments, as well as for the use of the EU funds that will be made available to the Republic of Serbia following its accession to the EU. With that respect, the public administration is expected to improve its capacities for strategic planning and introduce an appropriate institutional framework and financial management system, in order to be able to painlessly engage in the complex tasks of managing EU funded projects. This also implies that the provincial administration, as well as local governments, will also need to improve their capacities, to ensure successful planning and implementation of their own projects financed from this source. In addition to these systemic and essential issues, continual preparation of technical project documentation is another crucial requirement.

LINES OF ACTION

- 4.4.33. As regards the **national regional policy, in the short term**, it is necessary to adopt the National Plan of Regional Development until 2020 and the amendments to the Law on Regional Development, which will accurately define the institutional framework for implementation of the above national plan. It is vital to ensure that competences are accurately defined and that the functioning of the institutional framework is straightforward.
- 4.4.34. Regional development strategies need to be adopted for each of the five regions, including the associated action plans. It is very important that each of the regional development strategies takes into account the specific characteristics of unemployment, poverty and other factors of social exclusion.
- 4.4.35. As for the **cohesion policy, it is necessary** to prepare IPA II programming documents and invest efforts to ensure that the decentralized system is functional and sustainable after its accreditation, primarily by hiring an adequate number of civil servants, in accordance with the estimated workload, and by defining a clear staff retention policy.
- 4.4.36. The Master Plan for opening the Chapter 22 – Regional Policy and Coordination of Structural Instruments needs to be prepared.

- 4.4.37. The Law on Budget System envisages the introduction of programme-based budgeting in 2015. In addition, the methodology for developing programme-based budgets will provide the information about the amount of funds invested in each of the regions of the Republic of Serbia.³⁶⁷ The methodology stipulates the obligation of budget beneficiaries, when specifying their programme structure, to declare whether they are implementing a regional development measure by undertaking their programme activity or project. However, in order to ensure that this is applicable in practice, it is necessary to determine the method by which the ministries will decide whether or not an action is contributing to regional development. In particular, it is necessary to undertake as follows:
- Implement in practice the Methodology for Infrastructure Projects Selection and Prioritisation, which is a part of the document “National Priorities for International Assistance in the Republic of Serbia 2014–17, with projections until 2020”;
 - With regard to cross-cutting activities, it is necessary to continually develop urban planning, planning and technical project documentation, as well as to raise civil servants’ capacities at all levels;
 - In the process of developing future strategies or revising the existing ones, as well as in the planning of measures and projects funded from various sources, it should be ensured that the focus is on the activities contributing to poverty reduction and social inclusion, while taking into account the specific characteristics of certain parts of the Republic of Serbia;
 - Conduct an impact evaluation of the programmes, measures and projects funded from the national budget, which are beneficial to social inclusion and the regional aspect;
 - Implement a reliable mid-term plan of structural reforms, coupled with fiscal consolidation measures, which together constitute the key precondition for stabilising the public finance and reducing the fiscal deficit and public debt to a sustainable level, as well as for reinforcing the economic activity by enhancing investments, export and employment.
- 4.4.38. In the sphere of public administration reform, it is necessary to further strengthen administrative capacities of institutions at all levels for effective, efficient and responsible financial management in accordance with the enhanced legal framework (e.g. programme-based budget, preparation of technical project documentation, mass production of statistical data etc.).
- 4.4.39. Revise the strategic framework and implement an optimum number of strategies for each sector. Accordingly, the document “Employment and Social Reform Programme” (ESRP) could become the overarching document in the “Human Resource and Social Development” sector, provided that it fulfils the requirements of the sector-based approach, whereas the number of strategies would be revised by preparing five sub-sector strategies – for employment, education, social inclusion, healthcare and youth.
- 4.4.40. Establish the system and obligation of monitoring and evaluation of impact of the programmes and measures financed from the national budget of the Republic of Serbia. Following the impact evaluation of the programmes, measures and projects financed from the national budget, which are relevant to social inclusion, integrate the recommendations and lessons learned in the future planning.
- 4.4.41. Continually develop urban planning, planning and technical project documentation.

³⁶⁷ Fiscal Strategy for 2014, with projections for 2015 and 2016.

4.5. Rural Development

LEGAL AND STRATEGIC FRAMEWORK IN THE REPUBLIC OF SERBIA

- 4.5.1. **The passage of the Law on Agriculture and Rural Development³⁶⁸ has provided an integrated legal framework** for establishing a functional and transparent system for implementing the agricultural policy, namely the establishment of the Registry of Agricultural Holdings, the agricultural record keeping and reporting and the integrated agricultural information system. **The National Agricultural Programme of the Republic of Serbia 2010–2013³⁶⁹** amended and revised the policy objectives set in the Agriculture Development Strategy 2005. Pursuant to the **National Rural Development Programme 2011–2013³⁷⁰**, the rural policy focused more emphatically on stimulating the improvement of life quality and on addressing rural poverty.
- 4.5.2. The policy treatment of the agriculture and rural development sector in the period 2011–2012 can be assessed as extremely unpredictable.³⁷¹ **The Law on Incentives in Agriculture and Rural Development³⁷²** stipulates in detail the types of incentives, modalities of their use and a registry of incentives, as well as eligibility requirements. In order to achieve higher stability and predictability of the agricultural policy, the amendments to the law stipulate a minimum amount of budget allocations of support to agriculture (5% of the national budget). To a certain extent, the Law contributed to predictability of the policy. **The Decree on the Distribution of Incentives in Agriculture and Rural Development**, which is adopted for each budgetary year, for the first time integrates the scope, type and maximum amounts per type of incentives and/or the modality of support to the sector.
- 4.5.3. In accordance with the latest updates of the EU Common Agricultural Policy, the results of the Census of Agriculture in Serbia and the national context launched the process of adopting the **new Strategy of Agriculture and Rural Development of the Republic of Serbia 2014-2024³⁷³** in early 2013. Compared to the previous one, the strategy addresses more comprehensively the problems of vulnerable groups and prescribes measures as a response to existing problems.³⁷⁴ Based on the strategy, including the proposed general measures, the preparation of **the national programme for agriculture and the national programme for rural development** has been launched, as well as of the programme for supporting rural development from EU funds, in compliance with the rules of the Instrument for Pre-accession Assistance for Rural Development – IPARD.
- 4.5.4. Certain aspects of relevance to the agriculture and rural development sector were **analysed within the strategic documents of other Government ministries and institutions**, which include direct or indirect references to rural areas and the rural population, qualifying it in most cases as an extremely vulnerable category.³⁷⁵ Significant impact on the sectoral issues has been

³⁶⁸ Official Gazette of RS, Nos 41/09 and 10/13 – another law.

³⁶⁹ Official Gazette of RS, No 83/10.

³⁷⁰ Official Gazette of RS, No 15/11.

³⁷¹ In 2011, the support to the sector was regulated by 14, and in 2012 by 18 regulations and their amendments. Source: <http://uap.gov.rs/arhiva>

³⁷² Official Gazette of RS, No 10/13.

³⁷³ Official Gazette of RS, No 85/14.

³⁷⁴ The strategy defines the five most important objectives in this sector. In addition to the growth of production and stability of producers' income, increase of competitiveness and technical-technological improvement of the sector, sustainable resource management and environmental protection, efficient management of public policies and enhancement of the institutional framework for development of the sector, the draft also aims at the improvement of the quality of living in rural areas and, consequently, at the reduction of poverty.

³⁷⁵ National Employment Strategy for the period 2011–2020, Official Gazette of RS, No 37/11.

made by the following documents: the Law on the Census of Agriculture 2011³⁷⁶, the Law on Restitution of Confiscated Property and Compensation³⁷⁷, the Programme of Sustainable Rural Tourism Development in the Republic of Serbia³⁷⁸ and the Biodiversity Strategy of the Republic of Serbia for the period 2011–2018.³⁷⁹

- 4.5.5. **The pace of regional development is deeply dependent on the situation in rural areas.** The Secretariat for Agriculture of the Autonomous Province of Vojvodina has its own budget for support to rural development measures, while the level and type of competencies are defined by the Law on Incentives in Agriculture and Rural Development (Article 13). Based on the Law on Regional Development³⁸⁰, the preparation of the National Plan of Regional Development 2014–2020 began in 2011. Rural development was recognized as one of the eleven sector areas to be incorporated in this plan.³⁸¹ Agriculture and rural development are among the priorities in the work of all of the eleven accredited regional development agencies.
- 4.5.6. The role of local governments in the agriculture and rural development sector is defined by several legal documents of the Republic of Serbia.³⁸² Local governments are still confined by traditional hierarchical administrative structures in the management of rural development policies. In institutional terms, this area is covered by existing authorities responsible for agriculture or, in the majority of cases, by local economic development offices. Rural issues are treated as important parts of the strategies related to local economic and sustainable development; however, the content and methods of operation are often replicated from the national level, without analysing their efficiency or applicability in local contexts.³⁸³ Municipal budgets participate in investments in agriculture, marketing of agricultural products, establishment of associations and development of rural tourism and rural entrepreneurship.³⁸⁴ The Standing Conference of Towns and Municipalities' strategic plan for the period 2014–2017³⁸⁵ highlights as one of its primary objectives the support for strengthening local governments' roles in the field of agriculture and rural development, as well as making their services available to the rural population.

STATE OF AFFAIRS IN THE AREA

- 4.5.7. **The Republic of Serbia does not have a definition of rural areas** based on standard indicators of rurality used internationally.³⁸⁶ An initiative was launched in early 2013, with the support of

³⁷⁶ Official Gazette of the RS Nos 104/09 and 24/11. The Statistical Office of the Republic of Serbia prepared the Agricultural Statistics Development Strategy and conducted the Census of Agriculture 2012.

³⁷⁷ Official Gazette of RS, No 72/11. The information on the restituted property and its impact on the sector is available at: <http://www.restitucija.gov.rs/vesti.php#a187>

³⁷⁸ Official Gazette of RS, No 85/11.

³⁷⁹ Official Gazette of RS, No 72/09.

³⁸⁰ Official Gazette of RS, No 51/09.

³⁸¹ Available at: <http://www.regionalnirazvoj.gov.rs/Lat/ShowNARRFolder.aspx?mi=71>

³⁸² Strategy of Agriculture and Rural Development of the Republic of Serbia 2014–2024, National Agricultural Programme of the Republic of Serbia 2010–2013, National Rural Development Programme 2011–2013, Law on Agriculture and Rural Development, Law on Incentives in Agriculture and Rural Development, Law on Agricultural Land (Official Gazette of RS, No 62/06).

³⁸³ The most common forms of support in most local governments still include the co-financing of artificial insemination, organisation of exhibitions, visits to trade fairs, purchase of purebred livestock, co-financing of the work of the livestock registration authority, subsidised livestock breeding, municipal milk premiums for producers who are not eligible for national premiums and the construction and maintenance of rural communal infrastructure.

³⁸⁴ *Analiza uticaja procesa pristupanja Srbije EU na lokalne samouprave, Oblast poljoprivrede i ruralnog razvoja*, Stalna konferencija gradova i opština 2013, Beograd.

³⁸⁵ Available at: <http://skgo.org/files/fck/File/41skupstina/Strateski%20plan%202014-2017.pdf>

³⁸⁶ For the purpose of this report, the so-called administrative criterion of classification is used, which distinguishes between urban and other communities. According to this dichotomous division of communities, in the Republic of Serbia, excluding Kosovo and

the Statistical Office of the Republic of Serbia, to introduce new criteria for classifying communities in the Republic of Serbia, aimed at obtaining a clearer picture of the demographic and socio-economic position and potential of rural areas, as well as at creating the basis for adoption of public policies and monitoring of their impact.

- 4.5.8. **Demographic erosion is one of the key characteristics of rural areas.** Average population density in rural areas is 50 people/km². The share of the rural population in the overall population is 40.56%, while the average age in rural areas is 43.6 years. Ageing index in 2010 was 130, compared to 94 in urban communities³⁸⁷, while 82.5% of communities had negative natural growth. There were 986 communities with fewer than 100 inhabitants and 1,458 communities (31%) without a single newly born child³⁸⁸, while 31.8% of all live births and as many as 47.38% of deaths in 2012 occurred in rural areas.³⁸⁹
- 4.5.9. In terms of the level of absolute poverty in the period 2011–2013, the share of the poor population was twice as high in rural areas as in urban ones. In 2013, 12% of rural population suffered from absolute poverty, compared to 6.3% of persons in urban areas. **The holdings between one and five hectares in size experienced harder impact of the economic crisis.**³⁹⁰ According to the Census of Agriculture 2012, more than 76% of holdings belonged in this category, yet they accounted for only 30% of the total area of all holdings. In the Republic of Serbia, the most common holdings were family farms with up to two hectares of agricultural land (48.2% of the total number) and these holdings accounted for more than 9% of agricultural land. In the EU, close to 70% of all farms have less than five hectares of agricultural land.³⁹¹
- 4.5.10. Compared to urban population, rural population has higher activity and employment rates and lower unemployment and inactivity rates.³⁹² In 2011, the unemployment rate of rural population (15–64 years of age) was 21.9%, which dropped to 19.9% in 2013.³⁹³ In the same period, employment rate increased by 2.8 percentage points, from 47.4% to 50.2%. The number of self-employed persons in rural areas increased by 3.5 percentage points in the period 2011–2013 and it was twice as large as in urban areas, while the number of unpaid family workers in the considered period was around 16%. Almost entire informal employment refers to the sectors of agriculture, construction and services and accommodation, while agriculture in rural areas accounts for 64.4%. **The at-risk-of-poverty rate by the most common labour market status of self-employed persons, who include farmers, increased to 38.3%.**³⁹⁴
- 4.5.11. **Formal and informal education and availability of information are at a very low level in rural areas.** A proportion of 68.9% of all illiterate persons aged 10+ in the Republic of Serbia lived in rural areas.³⁹⁵ The share of rural population aged 15+ in the category of persons with incomplete primary education was 70.4%, whereas in the category of persons with primary education the share was 54.4%. The current system of providing technical assistance to farmers largely relies on the involvement of the Serbian agricultural extension services³⁹⁶, which had considerable fluctuations and inconsistencies in the past period. **The extension activities of 34**

Metohija, there are 167 urban communities and 4,542 communities classified as “other”. The category of “other” communities, which is not sufficiently accurate, is usually considered in developing data on rural areas.

³⁸⁷ Statistical Yearbook 2011, SORS.

³⁸⁸ Population Census 2011, SORS.

³⁸⁹ Demography Statistics 2012, SORS.

³⁹⁰ Government of the Republic of Serbia (2011): First National Report on Social Inclusion and Poverty Reduction.

³⁹¹ European Commission (2013): Rural Development in the EU, available at: http://ec.europa.eu/agriculture/statistics/rural-development/2013/index_en.htm

³⁹² Labour Force Survey, April 2013, SORS

³⁹³ Labour Force Survey, April 2013, SORS

³⁹⁴ Survey of Income and Living Conditions 2013, SORS.

³⁹⁵ Population Census 2011, SORS.

³⁹⁶ <http://www.psrs.rs/news.php>

agricultural extension and advisory services covered about 6.5% of holdings, i.e. slightly over 41,000³⁹⁷ out of 631,552 holdings in total.³⁹⁸

- 4.5.12. The share of rural labour force in the activities requiring higher education is constantly low. In rural areas, the **share of persons with higher education** in the working age population is more than three times **lower** than in urban areas (6.8% compared to 23.4%³⁹⁹).
- 4.5.13. Preschool education covers about 29% of children from rural areas.⁴⁰⁰ **Children with disabilities in rural areas are in adverse position**, since they often live in poverty, isolated from the local community, exposed to a high degree of prejudices and excluded from the social welfare system.⁴⁰¹ Moreover, access to education and educational institutions in poor municipalities is not equally ensured.⁴⁰²
- 4.5.14. The data obtained by mapping social welfare services within the mandate of local governments⁴⁰³ indicate significant rural-urban and inter-regional disproportions in the share of beneficiaries of certain services, as well as in their availability (see: Table 8 - Beneficiaries of social welfare services in local governments by the type of settlements, 2012, Annex 1). The data on the use of means-tested cash benefits (financial social assistance, child allowance) suggest considerable municipal differences.⁴⁰⁴ Support services for long-term care of the elderly are inexistent in the majority of rural communities.⁴⁰⁵ As a consequence of depopulation and migrations, the availability of healthcare services to the rural, predominantly elderly population, is limited.
- 4.5.15. The largest share in the income of rural households (35–42%) comes from employment (regular and additional income), followed by pensions, the share of which is very large and continuously growing (from 26.8% in 2012 to 30.2% in 2013).⁴⁰⁶
- 4.5.16. The lack and poor availability of social services contributes to exclusion of and discrimination against particularly vulnerable subcategories of rural population. Gender inequalities in the sphere of economic participation are very pronounced in rural population. Women are less represented than men in the categories of active persons, employed persons and those who work outside the agriculture sector. Women are heads of farm households in 17.3% of the cases and their holdings are usually smaller than five hectares.⁴⁰⁷ There are significant disparities in the level of informal employment between men (28.8%) and women (43.4%), while the share of rural women in informal employment is eight times higher than that of women in urban areas (5.5%).⁴⁰⁸ The position of women in the rural labour market, as described above, led to a gender imbalance and a slight increase of the number of men relative to the number of women in rural areas between the two censuses (49.9% of women in 2011 compared to 50.3% in 2002⁴⁰⁹). The Government acknowledged these problems in its Action Plan for Implementation of the National Strategy for Advancing the Position of Women and Gender Equality 2010–2015.⁴¹⁰ Beside women, young

³⁹⁷ Ministry of Agriculture and Environmental Protection, April 2013.

³⁹⁸ Census of Agriculture 2012, SORS.

³⁹⁹ Labour Force Survey, April 2010.

⁴⁰⁰ Government of the Republic of Serbia (2013): Strategy for Prevention of and Protection against Discrimination, Official Gazette of RS, No 60/13.

⁴⁰¹ Annual Report of the Ombudsman 2011.

⁴⁰² Research within the campaign titled “From Home to School”. Coalition for Monitoring Child Rights in Serbia, 2011.

⁴⁰³ Database of social welfare services within the mandate of local governments, <http://www.inkluzija.gov.rs/?p=21918>

⁴⁰⁴ Social Profile of Municipalities, Ministry of Labour, Employment, Veteran and Social Affairs.

⁴⁰⁵ Social Inclusion and Poverty Reduction Unit (2013). Qualitative research: long-term care of the elderly in Serbia.

⁴⁰⁶ Strategy for Agriculture and Rural Development of the Republic of Serbia (2014–2024).

⁴⁰⁷ Census of Agriculture 2012, SORS.

⁴⁰⁸ Labour Force Survey 2013, SORS.

⁴⁰⁹ Population Census, 2002 and 2011, SORS.

⁴¹⁰ Official Gazette of RS, No 67/10.

people in rural areas are also facing serious risks of exclusion from the labour market. Rural youth aged 15–24 work in non-agricultural sectors in only 21% of cases.

- 4.5.17. **Digital divide between rural and urban areas** in terms of access to information and communication technologies (ICT) **continued** as a result of underdeveloped infrastructure and broadband access (52.4% in urban areas, compared to 28.5% in rural ones). Differences in computer ownership were also noticeable between urban and rural areas of the Republic of Serbia: 66.3% and 50.9%, respectively. Taking 2012 as the baseline year, the computer ownership growth rate in urban areas was 3.3%, whereas in rural it was 7%.⁴¹¹ A similar trend occurred in terms of the internet penetration rate in the Republic of Serbia – 63.8% in urban areas vs. 42.5% in rural areas. Compared to 2012, the results indicated the narrowing of this gap – the growth rate in urban areas was 6.3%, whereas in rural areas it was 9.3%. The share of computer-literate persons was 20%, 14% had partial computer skills, while 66% were still computer illiterate.⁴¹²
- 4.5.18. The utility infrastructure in rural areas in the Republic of Serbia is insufficiently developed, functional and adequate, which results in unfavourable exploitation of local resources and development potentials. Further progress and development of rural areas depends on the coverage and general status of local infrastructure, as well as its availability for rural population.⁴¹³
- 4.5.19. A total of 631,552 holdings were registered in the Agriculture Census 2012, utilizing 3.437 million hectares of agricultural land, while their average size was 5.4 ha of used agricultural land.⁴¹⁴ Among the registered holdings, 99.5% were family holdings, which utilized 84% of agricultural land. Average size of family holdings considerably varied by regions and ranged from 2.4 ha in Jablanica area to 15.7 ha in the Central Banat area. The remaining 0.4% holdings were owned by legal entities, utilized 16% of agricultural land and their average size was 210 ha. Average age of the heads of family agricultural holdings was 59 years.
- 4.5.20. The decrease of the number of cooperatives, cooperative members and employees contributed to an increased risk of social exclusion and poverty of rural population. Legal entities and unincorporated enterprises accounted for 0.5% of the total number of agricultural holdings⁴¹⁵, among which 13% (386) were farm cooperatives. However, the regulatory alignment of the sector with the European model of the so-called production groups is still lacking.
- 4.5.21. **The share of the agrarian budget in the national budget is unstable and insufficient.** It ranged from 2.45% (2.73% in the amending budget) in 2011, to 2.43% (4.01%) in 2012 and to 4.49% (4.29%) in 2013. Despite the provision of the Law on Incentives in Agriculture and Rural Development stipulating a minimum of 5% allocations for the agricultural sector, the Budget Law of the Republic of Serbia for 2014⁴¹⁶ specifies the agrarian budget's share of 4.15%
- 4.5.22. **Inclusion of rural population in the process of monitoring the impact of public policies was improved in 2013.** The Provincial Secretariat for Agriculture, Water Management and Forestry implemented the geographic information system, which contributes to transparency of work and gathers, integrates, analyses and shares spatial information.

⁴¹¹ Usage of information and communications technologies in the Republic of Serbia, 2013, SORS.

⁴¹² Population Census 2011, SORS.

⁴¹³ Local government and rural infrastructure – Analysis of readiness of local governments to use the 301 measure, 2014.

⁴¹⁴ Census of Agriculture 2012, SORS.

⁴¹⁵ Census of Agriculture 2012, SORS.

⁴¹⁶ Official Gazette of RS, No 110/13.

MEASURES AND PROGRAMMES

- 4.5.23. The measures undertaken by the Ministry of Agriculture and Environmental Protection had an indirect and insufficient impact on the reduction of rural poverty. The most important activity was related to increasing the support to farms situated in the areas with poor conditions for agricultural activities.⁴¹⁷ For rural development measures⁴¹⁸, the minimum percentage of support to these farms was set at 45% support by the Law on Incentives in Agriculture and Rural Development, compared to 30% of support for agricultural farms located outside of these areas.⁴¹⁹ Maximum amounts of support percentages are prescribed by the annual decree on the distribution of incentives in agriculture and rural development. Agricultural extension services implemented the programme of extension work development, pursuant to relevant decrees for 2011, 2012 and 2013.⁴²⁰ The support to interest-based association of agricultural producers included: the registration of six new cooperatives, reactivation of eight cooperatives and unfreezing of four cooperatives' bank accounts.⁴²¹
- 4.5.24. **More than 90% of the Ministry of Agriculture and Environmental Protection's support involved direct aid payments**, which were still unaligned with this form of support in the EU.⁴²² In 2011⁴²³, the support was mainly focused on inputs subsidies. The structure of support for agriculture in 2012, with a significantly higher share of direct payment by hectare of plant production or by livestock (dairy cattle breeding), indicates more pronounced readiness of the national policy to adapt to the requirements of the EU Common Agricultural Policy.⁴²⁴
- 4.5.25. The cooperation of the Ministry of Agriculture and Environmental Protection with local governments intensified in the sphere of land management. In 2012, 117 local governments' annual programmes for protection, development and utilization of agricultural land received approval. The Directorate for Agricultural Land financed the rehabilitation of 442 km of uncategorized roads in 42 local government units and the construction of irrigation systems on arable agricultural land totalling 600 ha for 330 registered farm holdings/physical persons, in cooperation with four agricultural extension services.⁴²⁵
- 4.5.26. **Poverty and social exclusion of the rural population is a multi-sector problem.** The Ministry of Youth and Sports financed associations' projects aimed at building rural young people's capacities for self-employment and entrepreneurship in agribusiness and at developing their entrepreneurial skills.⁴²⁶ The Ministry of Regional Development and Local Government undertook measures that were directly focused on poverty reduction in underdeveloped municipalities by stimulating and developing enterprises and entrepreneurship, investing in labour-intensive processing industries and infrastructure development programmes in 2012. A total of 11 infrastructure projects (municipal roads and streets) and informal education measures implemented by the Office of the Government of Serbia's Body for the Municipalities of Preševo, Bujanovac and Medveđa⁴²⁷ to a considerable extent targeted the rural population in the territory of these three municipalities. The Office for Sustainable Development of Underdeveloped Areas

⁴¹⁷ Based on the Rulebook Identifying Areas with Poor Conditions for Agricultural Activities, Official Gazette of RS, No 29/13

⁴¹⁸ According to the EU methodology of classifying rural development measures, the allocations from the budget of the Republic of Serbia totaled around 3%.

⁴¹⁹ In addition to these measures, the Ministry also introduced incentives for cow milk premiums recipients from these areas, Report on the Work of the Ministry of Agriculture and Environmental Protection for the Period January – March 2013.

⁴²⁰ Official Gazette of RS, Nos 74/11 and 50/13

⁴²¹ Report on the Work of the Government for the Period July – December 2012. Belgrade, April 2013.

⁴²² European Commission (2012): Serbia Progress Report for 2012.

⁴²³ Directorate for Agrarian Payments.

⁴²⁴ Strategy of Agriculture and Rural Development of the Republic of Serbia 2014-2024.

⁴²⁵ Report on the Work of the Government for the Period July – December 2012. Belgrade, April 2013.

⁴²⁶ Ministry of Youth and Sports, <http://www.mos.gov.rs/>

⁴²⁷ Report on the Work of the Government for the Period July – December 2012. Belgrade, April 2013.

implemented a total of 54 projects in the field of employment in rural economic sectors (with special attention to employability of women⁴²⁸) and the rehabilitation of rural infrastructure.

- 4.5.27. As part of the project titled “**Capacity Building for the Establishment and Implementation of a LEADER Initiative in the Republic of Serbia**”⁴²⁹ and through the process of establishing and strengthening the work of partnerships, support was provided for the development of 24 local rural development strategies. The Provincial Secretariat for Agriculture, Water Management and Forestry supported nine partnerships in the territory of the Autonomous Province of Vojvodina in 2013.⁴³⁰
- 4.5.28. The project titled “**Rural Development – Efficient Land Management**” aims at assisting and enabling the state and municipalities, as well as agricultural producers to be better, more rational and more efficient owners of agricultural land. The project is realised by the German Organisation for International Cooperation and it is envisaged to last three years, until the end of 2015. Its budget of EUR 3.78 million is co-funded by the European Union (EUR 2.78 million) and the German Ministry of Economic Cooperation (EUR 1 million).
- 4.5.29. In designing their budgets, most local governments provide funds for rural areas as part of their allocations for agriculture, whereas the provisions for other economic activities, communal infrastructure, social and other expenditures for rural areas are not sufficiently represented in local budgets. The most common form of support in relation to the available local government budget is allocated for co-financing, subsidies, municipal milk premiums and the construction and maintenance of rural communal infrastructure. In a smaller number of cases, municipal budgets participate in investments in agriculture, marketing of agricultural products, establishment of associations and development of rural tourism and rural entrepreneurship.⁴³¹

CONCLUSIONS

- 4.5.30. Support to the agriculture and rural development sector is inconsistent and unpredictable and the overall outcomes are below the expected and objectively attainable level. The share of the agrarian budget in the national budget is relatively small.⁴³² Budget support to rural development measures is still modest and the contribution of sector policies to poverty reduction and social inclusion is limited. Harmonisation with the EU Acquis is in the inception phase, a first draft of the IPARD programme 2014-2020 has been prepared, while the institutional changes are slow.
- 4.5.31. **Demographic trends in rural areas are considerably more unfavourable compared to urban areas.** Population density is ten times lower than in urban areas and almost twice as low as the average population density in the Republic of Serbia. The share of rural population in the total population dropped by 3% compared to the previous population census, while the average population age increased by two years.
- 4.5.32. **Rural areas in the Republic of Serbia are characterized by poverty, regional and developmental disparities,** migrations, depopulation, unfavourable demographic and educational profile, low level of local initiatives and, consequently, reduced competitiveness, loss of natural and cultural heritage and the increase of vulnerability of the rural population. In the period 2011–2013, the share of poor population in rural areas was twice as high as that in urban ones.

⁴²⁸ “Women in Agribusiness” project, USAID.

⁴²⁹ IPA 2007, Component: LEADER, Europeaid/129135/C/SER/RS. Twenty-three memoranda of understanding signed within partnerships that comprised around 600 local stakeholders; 20 local partnerships were identified as potential local action groups. Source: Report on the Work of the Government for the Period July – December 2012. Belgrade, April 2013.

⁴³⁰ Available at: <http://195.178.40.73/poljoprivreda/node/299>

⁴³¹ *Analiza uticaja procesa pristupanja Srbije EU na lokalne samouprave, Oblast poljoprivrede i ruralnog razvoja*, SKGO 2013, Beograd.

⁴³² Report on the Work of the Ministry for the Period January – March 2013.

- 4.5.33. In the period 2011–2013, the population of rural areas showed better performance than urban population in terms of the basic labour market indicators. However, **the share of vulnerable employment (self-employed and unpaid family workers), age and educational structure of employed persons were significantly more unfavourable.** This was a result of high employment in (low-productivity) agriculture and the large number of unpaid family workers.
- 4.5.34. The educational structure of rural population, access to educational institutions and computer literacy are highly disadvantageous and contribute to declining competitiveness of the rural labour force in the labour market. The majority of illiterate persons, persons with incomplete primary education and persons with primary education live in rural areas. Public professional services, educational institutions for further vocational training and life-long learning, demonstration facilities, experimental farms and the like are poorly developed.
- 4.5.35. **There are no social services in more than a third of all local communities**⁴³³, while their availability is marked by pronounced rural-urban and regional disproportions.
- 4.5.36. In addition to women and youth, the particularly excluded and discriminated against subcategories of rural population include the elderly and children, especially children with disabilities. A statistical profile of an illiterate person is a 71.5 years old woman, who lives in a rural area.⁴³⁴ Social marginalisation and the lack of resources increase the risk of poverty of this category. As many as 57.2% of holdings whose heads are women are more exposed to the risk of poverty, since they utilise less than five hectares of land.
- 4.5.37. **Local authorities' response to rural communities' problems is slow and inadequate.** Local governments' capacities to assume the role of support to the sector are very limited. Rural population rarely participates in activity planning and decision making processes at the local level. The problems of vulnerable social groups are not given proper attention and they are addressed sporadically and in a focused manner, mostly by youth offices, in the context of the position of youth. However, even in these cases, problem solving lacks a special rural dimension. Local governments showed considerable inconsistency in the availability and quality of services, while the situation in the Autonomous Province of Vojvodina was somewhat more favourable than in the rest of the Republic of Serbia.⁴³⁵

LINES OF ACTION

- 4.5.38. It is necessary to provide support to the process of aligning the national statistics and indicators of the situation in rural areas with Eurostat.
- 4.5.39. **Institutional and financial stability and strengthening of the sector needs to be supported,** by: providing support to the sector's institutional adaptation in accordance with the EU integration process and the EC recommendations; strengthening the capacities of the operational structures competent for adopting and/or programming, promoting, monitoring, implementing and evaluating rural development policies (Ministry of Agriculture and Environmental Protection – the Rural Development Department and the Directorate for Agrarian Payments); supporting the establishment of an efficient agriculture and rural development financing and risk management system; supporting the processes of establishing and strengthening the partnership between the Government and non-governmental structures, the system of prudent sector management and participatory decision-making.

⁴³³ Database of social welfare services within the mandate of local governments, <http://www.inkluzija.gov.rs/?p=21918>.

⁴³⁴ Population Census 2011, SORS.

⁴³⁵ *Analiza uticaja procesa pristupanja Srbije EU na lokalne samouprave, Oblast poljoprivrede i ruralnog razvoja*, SKGO 2013, Beograd.

- 4.5.40. It is vital to maintain the support to institutional strengthening of the sector by **promoting the territorial approach** in designing rural policy programmes and measures, as well as by strengthening the role of local governments in the field of agriculture and rural development; developing a model of functional inter-sectoral cooperation; promoting the sectoral issues (rural population and rural areas) into inter-sectoral issues in public policies; stimulating horizontal and vertical connecting among all relevant stakeholders in the sector.
- 4.5.41. It is necessary to **strengthen local actors' capacities for European integration in the agriculture and rural development sector**, by supporting local governments and the institutions representing the interests of local community.
- 4.5.42. In the field of social inclusion and poverty reduction, it is crucial to:
- Establish better coordination with other public policies and develop employment programmes in rural areas, focusing on employment in non-agricultural activities and on inclusion of rural population in active labour market measures;
 - Promote women and youth entrepreneurship development in rural areas;
 - Support activities that contribute to ensuring equitable income distribution among all producers, especially in the areas with difficult conditions for agribusiness;
 - Create new educational models and provide support to the efforts aimed at increasing the access to education, knowledge and information (digital inclusion of rural population);
 - Increase the availability of social services by analysing the extent and nature of the needs of rural population and by developing new social services;
 - Provide support to association processes, by strengthening producers' capacities and motivation for various forms of association, and
 - Support and promote local initiatives and their networking at all levels (LEADER and other forms of territorial initiatives, inter-municipal, cross-border, inter-sectoral cooperation and the like).

5. Overview of the Dimensions and Status of Social Exclusion and Poverty in the Republic of Serbia

5.1. Employment and Labour Market

LEGAL AND STRATEGIC FRAMEWORK IN THE REPUBLIC OF SERBIA

- 5.1.1. The legal framework for creating employment policy and implementing active labour market measures and programmes consists of two reform laws adopted in 2009: the Law on Employment and Insurance in Case of Unemployment⁴³⁶ and the Law on Professional Rehabilitation and Employment of Persons with Disabilities.⁴³⁷
- 5.1.2. By adopting the **Law on Amendments to the Law on Professional Rehabilitation and Employment of Persons with Disabilities**⁴³⁸, the provisions of this regulation were aligned with the official statistics and regulations on state aid – adjusting allocations for incentives to employ persons with disabilities and preserve their jobs in companies for the professional rehabilitation and employment of persons with disabilities. At the same time, the right to subsidies was ensured instead, as had been the case, of the right for reimbursing the wages of persons with disabilities. While the adopted amendments revoked the fines imposed on employers for failure to employ persons with disabilities, this obligation remains required by law.
- 5.1.3. The plan is to complete the harmonisation of national legislation with the directives⁴³⁹ and regulations related to the rights of EU citizens and members of their families in the course of 2014, by passing the **Law on Employment of Foreigners** that would allow for free movement and stay, as well as for free access to the labour market in the Republic of Serbia.
- 5.1.4. The Labour Code, as the framework for labour legislation, has been undergoing reforms over the past several years. **The Law on Amendments to the Labour Code**⁴⁴⁰ of 2013 was adopted with a view towards comprehensive protection and ensuring higher legal and financial security of female employees working on fixed-term contracts. The amendments provide for an extension of fixed-term employment during pregnancy, maternity leave, leave for the care of a child and special care of a child. The amendments aim to align the domain of employment and parenthood with the protection of children with disabilities. **The Law on Amendments to the Labour Code** was adopted in July 2014⁴⁴¹ to enhance national and foreign economic investments, reduce illegal work and increase employment. The most significant amendments relate to entering employment, working time, vacation and leave, wages and allowances, termination of employment, redundancies, collective agreements etc.

⁴³⁶ Official Gazette of RS, Nos 36/09 and 88/10.

⁴³⁷ Official Gazette of RS, Nos 36/09 and 32/13.

⁴³⁸ Official Gazette of RS, Nos 36/09 and 32/13.

⁴³⁹ EU Directives nos: 2003/109, 2004/81, 2001/55, 2013/33, 2011/95, 2009/52, 2004/38 and 2004/114 taken into account that refer primarily to movement and stay of foreigners, but are partly linked to the possibility of employment and securing exercise of the right to work given appropriate conditions. The new law would ensure improvement of the environment for foreign investments (aimed at harmonisation of regulations), a comprehensive regulation of the possibility of contracting work with foreigners and, at the same time, conclusion of other agreements aimed at exercise of the rights from labour, equalising of foreign nationals having residence on the territory of the Republic of Serbia with Serbian nationals with respect to the possibility of employment on all jobs and exercising the rights on the basis of unemployment, defining quotas with a view to implementing active policies of employment of RS nationals, data on labour migrations and other issues relevant to employment.

⁴⁴⁰ Official Gazette of RS, No 32/13.

⁴⁴¹ Official Gazette of RS, No 75/14.

- 5.1.5. The **National Employment Strategy 2011-2020** represents the strategic framework for employment policy.⁴⁴² In the context of the guidelines and recommendations of the Europe 2020 Strategy and in observance of the characteristics of the national labour market, the key objectives of the employment policy seek efficient, stable and sustainable employment growth by the end of 2020 and the full alignment of the employment policy and the labour market institutions with the EU policies. Priorities will refer to increasing employment through investments in human capital and greater social inclusion; promoting employment in underdeveloped regions and developing employment policies at regional and local levels; developing institutional capacities and expanding the programme of active employment policy and reducing dualities on the labour market. The key instrument for the implementation of the employment policy is the **National Employment Action Plan**, which sets out the annual priorities of the employment policy and prioritises categories of persons difficult to employ, as well as active employment programmes and measures.
- 5.1.6. **The Ministry of Labour, Employment, Veteran and Social Affairs** is in charge of the employment policy. There are 64 private employment agencies. The National Employment Service (hereinafter: NES) has signed memoranda on cooperation with 41 of them as well as with nine non-governmental agencies. A **network of seven migration service centres** was established at the NES, providing individual assistance and counselling to unemployed persons and potential migrants. **Centres for the professional rehabilitation and employment of persons with disabilities** were formed in the branch offices for employment in Belgrade, Kragujevac and Novi Sad. **Centres for information and professional counselling** operate in three branch offices: Belgrade, Novi Sad and Niš. The system of information and mediation in employment was improved by the setup of a new website for the National Employment Service. The Republic of Serbia has initiated **preparations for accession to the EURES**⁴⁴³ **network** as part of the comprehensive preparations in the domain of EU integration.

STATE OF AFFAIRS IN THE AREA

- 5.1.7. In the course of the financial crisis, a high negative elasticity of employment was recorded in the Serbian labour market – with the drop in the number of employees exceeding the level of GDP decline. However, in the period 2011-2013, GDP recorded a cumulative growth of 1.9%, while employment grew by 2.6%. This means that the **coefficient of elasticity of employment in the Republic of Serbia totalled 1.37** in this period, and that 1% GDP growth resulted in 1.35% employment growth. In other comparable countries, the elasticity of employment relative to GDP is within the expected range between 0 and 1. This positive employment trend represents but a correction after a longer period of pronounced destruction of employment.
- 5.1.8. In 2013, **the number of employees in the Republic of Serbia** grew to 2,311,000 persons, while the number of employed working age inhabitants (15-64) was below 2.2 million.⁴⁴⁴ The employment rate of the adult population totalled 37.7%, and 47.5% of the working age population. There were 655,000 unemployed persons of working age, with a corresponding unemployment rate among the working age population at 23%. In the first quarter of 2014, the unemployment rate totalled 48%, with a 21.6% unemployment rate among the working age population.
- 5.1.9. Primary and secondary social inclusion indicators for labour and employment are used for monitoring social inclusion under the employment dimension within the EU Member States, as

⁴⁴² Official Gazette of RS, No 37/11.

⁴⁴³ European Jobs Network, <https://ec.europa.eu/eures/page/index>.

⁴⁴⁴ According to the Labour Force Survey (hereinafter: LFS).

well as for comparisons among Member States. The first coefficient measures *regional cohesion in the labour market* and represents a coefficient of the variation of employment rates between NUTS-2 regions in the EU Member States.⁴⁴⁵ **According to the LFS, the coefficient of the variation of regional employment rates in the Republic of Serbia is relatively moderate,** totalling 0.04% in the period 2011-2013. The corresponding coefficient in the EU Member States is significantly higher and cannot be fully comparable to the data for the Republic of Serbia (the differences in the employment rates between the regions were underestimated due to the size of the four regions observed). Because of the above characteristics of this indicator, all comparisons between the countries are not possible.⁴⁴⁶ More importantly, this indicator in the Republic of Serbia should be monitored over a longer period of time.

- 5.1.10. **Monitoring of the Long-Term Unemployment Rate persistently indicates very high rates of long-term unemployment**, as well as their upward trend in the course of the financial crisis. The rate of long-term unemployment in the period 2011-2013 grew by just below 2 percentage points, from 17.4% in 2011 to 19.2% in 2012, only to return to 17.5% in 2013. Comparisons with the EU Member States show that, according to this indicator, the Republic of Serbia has four times higher the rate of long-term unemployment relative to the EU 28 average which totals only 5.1%.

Table 5.1.10 Long-term unemployment rate in the Republic of Serbia (15-64)

	2011	2012	2013
Men	16.9	18.4	16.4
Women	18.1	20.2	18.9
Total	17.4	19.2	17.5

Source: LFS

- 5.1.11. The share of long-term unemployment in the total number of unemployed persons in the Republic of Serbia is very high and stands at the level of two-thirds. Although the share of long-term unemployed dropped slightly in 2009 due to the larger influx of new unemployed persons, a new surge in this rate (in 2013 it was 76%) suggests labour market trends to be even slower, and that the high number of persons who lost jobs at the beginning of the crisis remained in that situation. Relative to the EU Member States, the Republic of Serbia has the highest share of long-term unemployed within the total number of the unemployed.

Table 5.1.11 Share of long-term unemployment in the total number of the unemployed (15-64)

	2011	2012	2013
Men	73.0	77.2	75.5
Women	74.6	78.8	76.6
Total	73.7	77.9	76.0

Source: LFS

- 5.1.12. **The very long-term unemployment rate in the Republic of Serbia is high**, and its growth has been intensive over the past several years. Relative to 2010, when this rate stood at the level of 10%, a 3% increase occurred in 2013 (reaching 13.1%). The very long-term unemployment rate is higher for women relative to men, with this difference amounting to 1.9 percentage points in 2013. Compared to the EU Member States, there is an evident and huge difference between the

⁴⁴⁵ The higher this coefficient, the greater the risk from social exclusion: the assumption is that exclusion is the greatest in the regions lagging significantly behind the country average.

⁴⁴⁶ In the EU, this indicator is not calculated in Member States such as Ireland, Denmark, Slovenia, Malta, Luxembourg and the three Baltic states.

average values of this indicator: 2.5% in the EU Member States and six times higher values in the Republic of Serbia.

Table 5.1.12 Rate of very long-term unemployment in the Republic of Serbia (15-64)

	2011	2012	2013
Men	12.5	14.1	12.3
Women	13.7	15.7	14.2
Total	13.1	14.8	13.1

Source: LFS

Country-Specific Indicators

5.1.13. The difference in key labour market indicators between the Republic of Serbia and the EU, primarily in the employment rate of the working age population, represents one of the greatest crucial challenges in the process of accession of the Republic of Serbia into the EU. The Republic of Serbia will face a difficult and ambitious task to attain convergence towards the objectives of the Europe 2020 Strategy in this decade.

Table 5.1.13 Key labour market indicators (15-64), comparative analysis – Republic of Serbia and EU

Key labour market indicators	Serbia			EU-28
	2011	2012	2013	
Activity rate				
Total	59.4	60.1	61.6	71.9
Men	68.1	68.8	70.1	78.0
Women	50.7	51.2	53.2	65.9
Employment rate				
Total	45.4	45.3	47.5	64.1
Men	52.4	52.4	54.9	69.4
Women	38.4	38.1	40.1	58.7
Employment rate – older workers				
Total	31.4	31.6	34.3	50.2
Men	42.8	42.4	45.0	57.5
Women	20.9	21.6	24.7	43.3
Unemployment rate				
Total	23.6	24.6	23.0	10.8
Men	23.1	23.9	21.7	10.8
Women	24.3	25.6	24.6	10.9
Youth unemployment rate				
Total	50.9	51.1	49.4	23.4
Men	47.6	47.9	44.6	22.1
Women	57.1	57.0	57.5	22.7
Long-term unemployment rate				
Total	17.4	19.2	17.5	5.1
Men	16.9	18.4	16.4	5.2
Women	18.1	20.2	18.9	5.1
Rate of very long-term unemployment				

Total	13.1	14.8	13.1	2.5
Men	12.5	14.1	12.3	-
Women	13.7	15.7	14.2	-
Inactivity rate				
Total	40.6	39.9	38.4	28.1
Men	31.9	31.2	29.9	22.0
Women	49.3	48.8	46.8	34.1
Employees per professional status				
Employed	72.5	72.2	70.8	84.1
Self-employed	20.5	21.1	22.6	14.5
Helping household members	7.0	6.7	6.6	1.4
Employees per sector				
Services	53.8	54.3	54.9	78.4
Industry	27.7	27.4	27.0	16.9
Agriculture	18.5	18.3	18.1	4.7
Employees with shorter than full-time employment	7.1	6.9	9.2	19.5
Share of employees with less than 15 working hours per week	1.2	1.1	1.9	-
Share of unemployed not registered on NES records	18.2	18.9	22.3	-

Source: SORS, Labour Force Survey – Edition 2013, Eurostat

- 5.1.14. The main change in the structure of the working age population was reflected in the transition of the number of active participants who became inactive until 2011. However, the trend reversed, and the **number of active inhabitants of working age is beginning to grow** - by more than 16,000 persons in the period 2011-2013. In view of the decrease in the total working age population, this resulted in an increase of the activity rate by 2.2% in the same period. According to the 2013 LFS, the activity rate among women and men is 53% and 70% respectively, representing a difference of 17 percentage points.
- 5.1.15. **Employment of the working age population (15-64) grew from its historical minimum** of 2,142,682 workers in 2012 to 2,198,000 workers in 2013, representing an increase of almost 56,000 workers. In the same period, the employment rate increased from 45.3% to 47.5%. As in the previous period, the employment rate is higher among men – 52.4% and lower among women – 38.1%, representing a difference of 14.3% in the employment rates (14.1% in the first quarter of 2014), and rendering the **gender gap of employment higher** relative to the EU-28 average of 10.9% in 2013. The **employment rate of youth in the Republic of Serbia is very low**. In the first quarter of 2014 it amounted to 13.1%, which is more than twice the youth employment rate in the EU-28 (32.8%). The employment rate of older workers reached 34.3% in 2013.
- 5.1.16. From the aspect of **employment in the Republic of Serbia per type of labour relations**⁴⁴⁷, the share of employment (15-64) is the highest among employed (paid) workers – 70.8%, while the number of self-employed is at 22.6%. The share of helping household members in the total employment is 6.6%. With respect to **employment per sector** (agriculture, industry and services), the highest percentage of the employed (15-64) is in the service sector – 54.9%, followed by industry – 27%, while 18.1% work in agriculture. Self-employment, employment in agriculture and informal employment grew faster than the average – a significant contrast relative to the previous five years when these types of employment recorded a permanent downward trend

⁴⁴⁷ LFS, 2013

relative to paid employment and employment in sectors outside agriculture. **The percentage of employees with less than full working hours is 9.2%, two times lower than the EU average.**

Table 5.2.16: Rate of informal employment (15+)

Serbia	2011	2012	2013
Rate of informal employment	18.8	17.5	19.3

Source: LFS

- 5.1.17. **Informal employment in the Republic of Serbia is relatively high.**⁴⁴⁸ Work in the grey economy is linked to low wages, low productivity, low levels of protection at work and poor working conditions, with unpaid health and social insurance. The share of informally employed persons aged 15+ is 19.3%. The possibility of informally employed workers being laid off is higher than among formally employed workers. With respect to age, employment in the informal sector is highest among youth (15-24) and decreases with age and acquisition of work experience.
- 5.1.18. **Unemployment is high in the Republic of Serbia.** The numbers of the unemployed, as well as the unemployment rate, have been growing continuously since 2008 due to impact of the financial crisis on the labour market. However, the strong increase in employment and a slight increase in activity as of the second half of 2012 opened space for a decrease in the unemployment rate to 23% in 2013 and 21.6% in the first quarter of 2014. **The unemployment rate of women increased during the crisis**, and in 2013 totalled 24.6% (higher by 1.6% than the total unemployment rate among the working age population), and 22.3% in the first quarter of 2014. The gap in unemployment rates between men and women (15-64) continued to increase in 2013 reaching 2.9%. This gap decreased to 1.3 % in the first quarter of 2014.
- 5.1.19. **The age structure of unemployed persons**, observed in the period 2011-2013, shows the highest share in the structure of the unemployed to be that of unemployed persons aged 25-34 (29% or 190,000 persons), followed by persons aged 35-44 (22.8% or 150,000 persons). With respect to unemployment rates according to the age structure, unemployment rate growth is recorded in the category of persons aged 35-44 (by 0.5%, from 19.1% in 2011 to 19.6% in 2013) and the category of older unemployed persons aged 55-64 (by 0.3%, from 14.9% in 2011 to 15.2% in 2013).
- 5.1.20. **Since the onset of the financial crisis, the youth unemployment rate surged** from 32.6% in 2008 to 49.4% in 2013 (or approximately 15% of the total number of young persons) and 51.8% in the first quarter of 2014. The activity rate has been recording a long downward trend. In qualification surveys, employers regularly stress dissatisfaction with academic curricula that do not develop adequate qualifications as well as their frustration with the lack of practical knowledge and work experience among young persons. University graduates have been most severely affected by the crisis. In the period 2008-2012, the unemployment rate among youth with higher education doubled – from 28% to 55%. The highest increase occurred in the first two years of the crisis. The effect of the crisis on the labour market resulted in a decrease in the number of available jobs for young people and a loss of employment among young workers, in particular by the inability to extend fixed-term contracts.
- 5.1.21. In addition to being unemployed, **a significant number of young people are at the same time not enrolled in education or training** (see Table 9 – NEET indicator: number of youth who are not in education or training, 2011-2013, Annex 1), totalling approximately 150,000 (19.5% of the total number of young persons aged 15-24) in 2013, representing a decrease from 2012 and 2011

⁴⁴⁸ Informal unemployment refers to the share of persons who work without a formal employment contract within the total number of the employed. It covers employees in un-registered enterprises, employees in registered enterprises but without a formal employment contract or social welfare, as well as unpaid helping household members.

(approximately 21%).⁴⁴⁹ The number of young persons not involved in employment, education or training⁴⁵⁰ was in the realm of 140,000 (25.3% of the total number of youth aged 18-24) in 2013, which also represents a decrease relative to the period 2011-2012 (approximately 28%). Bearing in mind comparative empirical findings on the impact of long-term unemployment on the future earnings of youth (“scar” effect)⁴⁵¹, data indicating that as many as 60% of the unemployed aged under 25 are searching for a job longer than 12 months is worrying.

- 5.1.22. **The unemployment rate of older workers doubled** in the period 2008-2013: from 8.2% to 15.2%. In relative terms, the ratio of the total unemployment rate and the unemployment rate of older persons decreased from 1.71:1 to 1.51:1, which is a significant deterioration given the long-term ratio of these two rates. Over the past several years, older workers were primarily affected by company privatisation and restructuring processes.
- 5.1.23. The qualification structure of the unemployed shows that those with high or secondary education represent 81.7% of total unemployment and/or 18.3% of those without education or with a low education level. **In 2013, persons with a secondary education (64.2% or 420,000 persons) were the most numerous among unemployed persons with the pronounced, highest rate of unemployment** of 24.6%. The unemployment rate of persons with a university education (11.4%, or 75,000 persons) stood at 17.5%.
- 5.1.24. **The unemployment rate of persons with lower levels of education has increased significantly.** Since the beginning of the crisis, the unemployment rate of persons with primary school or less increased from 13% in 2008 to 23.1% in 2013. Lower levels of education are often combined with other vulnerability factors as these persons tend to have more difficulties in finding jobs on the labour market: older workers, inhabitants of rural areas, persons with disabilities and Roma. Income taxes on minimum salaries are almost identical to those for average wages and there are no benefits. The result is that persons with lower levels of education have limited opportunities to find jobs outside of “vulnerable” employment, which additionally explains their very low activity rate and a paradox related to their relatively low unemployment rates.
- 5.1.25. **The labour market in the Republic of Serbia is characterised by one of the highest inactivity rates in the region,** because the drop in employment caused by the financial crisis in other countries in the region mostly “spilled” into unemployment, and a considerable part of those who lost jobs in the Republic of Serbia withdrew from labour force into inactivity. Since the outbreak of financial crisis in 2008, inactivity has grown considerably, both in absolute as well as in relative indicators. Nevertheless, in the period 2011-2013, the number of inactive persons aged 15+ decreased by approximately 216,000 persons, and the inactivity rate dropped by two percentage points. According to data from the 2013 LFS, 38.4% of working age persons (15-64) or 51.6% of persons aged 15+ in Serbia is inactive; data from the first quarter of 2014 is almost unchanged. The total number of inactive persons is just below 3.2 million.
- 5.1.26. **Trends indicate that inactivity grows unevenly among different groups.** Youth inactivity (15-24) has been on a constant rise since October 2008: from 66.2% to 71.2% in October 2011, and to 72.8% in the first quarter of 2014. The most frequent cause of youth inactivity on the labour market is the large part of this population still in the education system. On the other hand, the share of inactive persons who state education as the reason for their inactivity is lower both relative to the EU average as well as to all other countries in the region. The inactivity rate is pronounced among women at 47.2% in the first quarter of 2014, and is linked to the influence of

⁴⁴⁹ LFS 2011, 2012, 2013.

⁴⁵⁰ Eng. *NEET*, *Not in employment, education or training*.

⁴⁵¹ Gregg, P. and Tominey, E. (2005) “The wage scar from male youth unemployment”. *Labour Economics*, 12(4), pp. 487-509.

family obligations and more limited opportunities to earn income once they enter the labour market. This rate is higher relative to the total inactivity rate (38.8%), as well as to the inactivity rate among men (30.3%). The inactivity rate of persons with disabilities totalled 69%⁴⁵²; despite progress made after endorsement of the 2009 Law, the majority of these persons remain outside the labour market due to discouragement and a lack of work experience. The inactivity rate of working age persons with lower levels of education totalled 57.5% – twice as high as among university graduates. The targeting of these persons by active labour market programmes, such as public works and “Second Chance” programmes, has been insufficient in motivating them towards more permanent activation. The relatively high inactivity of different groups is the result of a combination of job opportunities, institutional solutions on the labour market and demographic factors including an ageing population and labour migration.

- 5.1.27. **A negative trend towards a decrease in formal employment was followed by an increase in registered unemployment.**⁴⁵³ The average number of the unemployed registered with the NES increased by some 22,000 persons or 3% in the period 2011-2013. The number of **persons with disabilities** registered with the NES in late 2013 totalled 20,627 persons (6,774 or 33% women), while 14,491 unemployed persons with disabilities (4,761 or 33% women) want the NES to mediate in their employment. The share of persons with disabilities within the total number of unemployed persons in NES records is 2.7%. The qualifications and age structure of unemployed persons with disabilities represents an aggravating circumstance for employment and the inclusion of these persons into active labour market programmes. More than 44% of unemployed persons with disabilities are unqualified workers, 51.4% have a secondary level of education, 2.4% have a higher level of education and only 2% of persons have a high education. With respect to the age structure, only 15.1% of persons are aged under 30; 42.7% of persons are aged 30-50, and 42.3% of unemployed persons with disabilities are older than 50.
- 5.1.28. There were 22,102 **persons of Roma nationality** on the NES records at the end of 2013, of whom 10,150 or 46% are women, representing a share of 2.9% in the total number of unemployed persons registered by the NES. With respect to age, the majority of Roma registered by the NES is aged between 15 and 30 (34% of all persons of Roma ethnicity registered by the NES), which means that one-third of unemployed Roma are youth. From the aspect of the level of education, 89.8% of the total number of registered Roma is unqualified; 9.8% have a secondary education, while only 85 Roma men and women registered with the NES have higher or high education (0.4%). The poor educational structure of Roma represents an enormous challenge that should be dealt with in the future. *The share of unemployed persons who are not registered by the NES shows exclusion from NES mediation services and amounts to 22.3% in 2013.*
- 5.1.29. The position of individuals in the labour market, as well as the number of available jobs once they are in the labour market, has a decisive impact on the level of poverty and social exclusion (for more details see *Financial Poverty and Deprivation of Existential Needs*).

Social Dialogue

- 5.1.30. The **Socio-Economic Agreement** between the Government and representative social partners⁴⁵⁴ was signed in 2011 with a view towards establishing partnerships for resolving the most important problems related to economic and social policy and alleviating the impact of the financial crisis.

⁴⁵² The rate of employment of persons with disabilities was 27%, and the rate of unemployment 13.3% . Living Standards Measurement Survey, SORS, 2007.

⁴⁵³ On the average, there were 752,838 unemployed persons on NES records in 2011; in 2012, there were 761,834 unemployed persons and in 2013, 774,890 unemployed persons.

⁴⁵⁴ http://www.socijalnoekonomskisavet.rs/doc/izvestaj_o_radu_saveta_i_sekretarijata_11.pdf.

- 5.1.31. Although they fall under the mandate of the Socio-Economic Council of the Republic of Serbia, draft laws and amendments to existing regulations in the areas of economy, wages and health care were not submitted to it for its opinion⁴⁵⁵; the Council did give its opinion on the National Employment Strategy 2011-2020. In 2012, the Council did not receive draft laws in the sectors of economy and health care⁴⁵⁶ for comments, but it did give its opinion on the set of education-related laws⁴⁵⁷, as well as to the by-laws related to safety and health at work and employment.⁴⁵⁸ Only two sessions were held in the course of 2013.⁴⁵⁹ In 2014, the planned effects of economic incentives were presented to the Council.⁴⁶⁰ The Draft Privatization Law and the Draft Law on Amendments to the Law on Bankruptcy were forwarded to the Government without the opinion of the Council.⁴⁶¹
- 5.1.32. The standing task force of the Council for Economic Issues conducted a survey on the **effects of privatisation** in the Republic of Serbia. According to the survey, conducted in 2011, the average number of workers in functioning companies was almost halved (from 497 to 260), and the total number of workers in them was reduced by 45%. In addition, the number of companies engaging employees on fixed-term contracts increased, while the number of workers organised in trade unions has been decreasing. The number of privatised companies with a collective agreement dropped by more than 20% relative to the pre-privatisation period. The standing task force of the Council for Economic Issues also conducted a survey on the **effects of restructuring public and public utility companies**.⁴⁶² A strategy for restructuring the public sector should be adopted, while avoiding the partial solutions of the past, which included laying-off a certain number of employees and re-hiring others.
- 5.1.33. **The network of local socio-economic councils is still underdeveloped** and is mostly inactive, with the exception of the Provincial Socio-Economic Council in Vojvodina. The total number of local councils registered with the Ministry of Labour, Employment, Veteran and Social Affairs is 19; seven were founded by agreement but not registered. The absence of formal registration does not necessarily mean they are inactive.⁴⁶³ The most frequent obstacles to registration are problems with the representation of social partners, notably employers, and the lack of political will of local governments. The budgets for councils' operation have been earmarked in very modest amounts and in a small number of cities and municipalities, and an even smaller number operate on the basis of work plans and within active working groups. Almost none of them have established a secretariat.

⁴⁵⁵ Law on Amendments to the Law on Health Insurance (Official Gazette of RS, No 57/11); Law on Amendments to the Law on Health Care (Official Gazette RS, no 57/11); Law on Utility Services (Official Gazette of RS, No 88/11); Law on Public-Private Partnership and Concessions (Official Gazette of RS, No 88/11); Law on Amendments to the Civil Service Pay Law (Official Gazette of RS, No 92/11).

⁴⁵⁶ Law on Public Companies (Official Gazette of RS, No 119/12); Law on Amendments to the Law on Health Insurance and the Law on Amendments to the Law on Health Care (Official Gazette of RS, No 119/12); 2013 Budget Law of the Republic of Serbia (Official Gazette of RS, No 114/12); Law on Establishing Maximum Level of Salaries in the Public Sector (Official Gazette of RS, No 93/12).

⁴⁵⁷ Draft Law on Adult Education; Draft Law on the Foundations of the Education System and Draft Law on Secondary Education.

⁴⁵⁸ Draft Regulation on preventive measures for safe and healthy work when exposed to risk of explosive atmospheres; Draft 2013 National Action Plan/Employment.

⁴⁵⁹ The least number of sessions held in the calendar year since the establishment of the Council in accordance with the law.

⁴⁶⁰ Ministry of Finance: Information on the set of measures for stabilisation of public finances and recovery of economy, dated October 08, 2013.

⁴⁶¹ Official Gazette of RS, No 83/14.

⁴⁶² 2012 Report on the operation of Socio-Economic Council and the Secretariat, No: 72/2013.

⁴⁶³ Secretariat of the Socio-Economic Council.

- 5.1.34. In 2011 and 2012, certain progress was made with respect to bi-partite social dialogue at the industrial level in the so-called real sector. Collective agreements were concluded (and their scope was extended) in the sectors of construction, chemistry and non-metals as well as in agriculture, the tobacco industry and water management of the Republic of Serbia.⁴⁶⁴ Employees in public services and state authorities had the most extensive coverage by collective agreements. In line with the amendments to the Labour Code which came into force on July 29, 2014, all collective agreements will be discontinued on January 29, 2015. The launch of initiatives for signing new branch collective agreements in the real sector is expected, while the initiative for negotiations to sign special collective agreements for public companies and public services founded by the Republic of Serbia, the autonomous province or local governments has already been launched.
- 5.1.35. The minimum wage in the Republic of Serbia is set by the Socio-Economic Council; if the Council cannot arrive at an agreement on the amount, the decision is passed by the Government. In early 2011, the Council set a sum per work hour at 95 RSD net⁴⁶⁵, adding up to 16,530 RSD (net) monthly. By the end of that year, this sum was raised to RSD 102.⁴⁶⁶ This amount was valid until March 2012, when the Council passed a decision to increase it to 115 RSD⁴⁶⁷, or 20,010 RSD monthly. New alignments in February 2013 did not bring consensus and the Government decided to keep this amount at 115 RSD until the end of 2013.⁴⁶⁸ The amount of minimum wage remained the same in 2014, pursuant to Government decisions. The minimum price of work per working hour in 2015 will total RSD 121. The decision was once again made by the Government when consensus could not be reached at the session of the Socio-Economic Council. **The ratio of the minimum and average wages**, which has been fluctuating around 45-50% over the past several years, may be considered relatively high for a country with a modest GDP and high unemployment such as Serbia. Nevertheless, it is not in discrepancy with the EU average.

Social Entrepreneurship

- 5.1.36. A total of **1,196 social enterprises** operated in the Republic of Serbia in 2012. Of this number, the greatest share is that of cooperatives (66%) and citizen associations (24%). Almost one-half of the social enterprises (46%) were located in the region of Vojvodina, with only 11% in the Belgrade region. The gross added value of social enterprises is only 0.2% of GDP, with the biggest contribution from cooperatives (75%) and citizen associations (11%). A total of 10,326 persons were employed in social enterprises, constituting 0.6% of the total number of employees in the Republic of Serbia; the majority were employed in cooperatives (59%), companies for the employment of persons with disabilities (20%) and citizen associations (14%). One-half of the total number of employees in the social enterprise sector belongs to the category of persons difficult to employ (14% of persons aged up to 30 and 36% of persons aged over 51). This sector engaged some 24,000 volunteers, more than 90% of them in citizen associations. With respect to social objectives, 62% of social enterprises deal with economic empowerment and 15% have a

⁴⁶⁴ An industrial collective agreement for the metal industry, signed in December 2011, was cancelled unilaterally by the Union of Employers already in November 2012.

⁴⁶⁵ Official Gazette of RS, No 35/11.

⁴⁶⁶ Official Gazette of RS, No 22/12.

⁴⁶⁷ Official Gazette of RS, No 22/12.

⁴⁶⁸ Official Gazette of RS, No 31/13.

social and humanitarian mission. The most frequent problems for social enterprises are lack of funds, low prices of products/services and outstanding debts.⁴⁶⁹

- 5.1.37. A total of **45 companies for the professional rehabilitation and employment of persons with disabilities** were operational in 2013, employing some 1,670 persons with disabilities, which accounts for 59.26% relative to the total number of 2,700 employed persons. In 2013, the NES had 645 million RSD for employment and professional rehabilitation incentives aimed at persons with disabilities. The companies for the professional rehabilitation and employment of persons with disabilities spent approximately 772 million RSD.⁴⁷⁰ In the social enterprise sector, the greatest productivity was achieved by development agencies, business incubators and foundations. Productivity is five times lower in the companies for the employment of persons with disabilities and dependent enterprises.⁴⁷¹
- 5.1.38. **The Law on Social Protection**⁴⁷² was adopted to introduce pluralism in licensed social protection service providers and open up a potential market for social enterprises. **The Law on Public Procurement**⁴⁷³ allows for the participation of social enterprises focusing on persons with disabilities, while public institutions may set forth additional conditions aimed at fulfilling social aspects.⁴⁷⁴ The Draft Law on Cooperatives has not yet been adopted by the Government. The draft introduces the concept of “social cooperatives”, which have shown significant potential in certain EU countries. In the previous period, the Government adopted the Draft Law on Social Entrepreneurship and Employment in Social Enterprises, but it was not adopted by the Parliament in 2013.
- 5.1.39. The public procurement system is one of the key sources for financing social enterprises, but other measures of support and capacity building are required to attain sustainability. **The Public Procurement Development Strategy**⁴⁷⁵ introduces the social aspect of public procurement (in addition to “green” and/or sustainable procurement) and provides for new models of cooperation between the private, public and civil sector. The potential of social entrepreneurship is also recognized in the **National Employment Strategy 2011-2020** and the corresponding action plan, through employment incentives, measures to develop social entrepreneurship and the social inclusion of persons difficult to employ.
- 5.1.40. Development of the social entrepreneurship sector is advocated for by the **Coalition for Development of Social Entrepreneurship**⁴⁷⁶ and the **Social Economy Network of Serbia (SENS)**⁴⁷⁷, which includes 36 members: citizen associations, companies for the professional rehabilitation of persons with disabilities, limited liability companies and cooperatives. Two banks provided financial and advisory support for social enterprises on the basis of project funding.⁴⁷⁸ The funds were used to empower social enterprises and expand their capacities, with

⁴⁶⁹ *Ekonomski uticaj socijalnih preduzeća u Srbiji, RZS 2014*. Social enterprises include cooperatives, citizen associations, foundations, companies for the professional rehabilitation and employment of persons with disabilities, development agencies, business incubators and dependent “spin-off” companies.

⁴⁷⁰ 2013 Report on Implementation of the National Action Plan.

⁴⁷¹ *Ekonomski uticaj socijalnih preduzeća u Srbiji, RZS 2014*.

⁴⁷² Official Gazette of RS, No 24/11.

⁴⁷³ Official Gazette of RS, No 124/12.

⁴⁷⁴ The implementation of the Law on Social Protection and the Law on Public Procurement partially hampers the participation of associations due to the difficulties in obtaining licenses and standardization and/or unfavourable conditions for participating in public procurement procedures.

⁴⁷⁵ Official Gazette of RS, No 71/11.

⁴⁷⁶ http://www.emins.org/uploads/useruploads/publikacije/Korsp_brosura-fb_FIN.pdf

⁴⁷⁷ <http://sens.rs/clanice-mreze>

⁴⁷⁸ Erste Bank, Unicredit Bank, USAID, British Council, UNDP and HOD Foundation.

the private sector starting to purchase products and services from social enterprises and to provide expertise in doing business.

MEASURES AND PROGRAMMES

- 5.1.41. **Benefits in the case of unemployment** (passive labour market measures) are disbursed to an average of 66,000 beneficiaries/month (fewer than 10% of the total number of registered unemployed persons). For these purposes some 1.5 billion RSD/month or 17 billion RSD/year have been earmarked each year for the past several years. The share of these expenditures within GDP has been relatively stable over the years, totalling some 0.5%.
- 5.1.42. Despite the deterioration of key labour market indicators in 2011 and announcements of an increase in **allocations for active labour market programmes**, the 2012 and 2013 budgets for this purpose were reduced considerably. In 2011, these budgets amounted to 0.19% of GDP, dropping to 0.10% of GDP in 2012, and with the 2013 budget rebalance they were only 0.03% of GDP (see: Table 10 - Resources from the budget of the Republic of Serbia for active labour market programmes, 2011-2013, in RSD, Annex 1). This is substantially lower than in other countries in the region, and also far below the share projected in the National Employment Strategy 2011–2020, which provided for allocations for active labour market programmes to increase to 0.4% of GDP by 2013 and 0.5% of GDP by 2020. Nevertheless, total allocations in support of the employment of unemployed persons are considerably higher as they include the proceeds of the Budget Fund for the professional rehabilitation and promotion of employment of persons with disabilities (see: Table 11 - Budget Fund resources for professional rehabilitation and employment of persons with disabilities, 2011-2013, in RSD, Annex 1) as well as programmes of provincial and local authorities, funded from the budget of territorial autonomy and local government units.
- 5.1.43. The total number of unemployed persons benefitting from services/active employment policy programmes in 2013 was approximately 184,000 (see: Table 12 - Overview of unemployed persons benefitting the services and active employment policy programmes, 2011-2013, Annex 1). To date, funds covered some 20% unemployed persons on the NES records over the course of one year. With a view to monitoring the efficiency of the implementation of active employment policy measures and establishing the impact of the National Employment Service, the Ministry of Labour, Employment, Veteran and Social Affairs and the NES concluded an annual **Agreement on NES Performance**. This contains summarised information on the effects and results of the implementation of measures and activities and the disaggregation by category of persons difficult to employ as well as by gender (see: Table 13 - Overview of persons employed after involvement in active labour market programmes, 2011-2013, Annex 1). After inclusion into active employment policy measures in 2013, a total of 21,932 beneficiaries were employed, representing 22% of the total number of persons included into active employment policy measures that year.
- 5.1.44. **Measures for mediation in employment and professional orientation and career counselling**⁴⁷⁹ receive a very modest percentage of funds earmarked for active labour market programmes in a concrete year, but cover a large number of unemployed persons. These measures are considered the most efficient.⁴⁸⁰ **The programmes of additional education and training**⁴⁸¹

⁴⁷⁹ Referring to assessment of employability and individual employment plans, mediation at the request of employers, trainings for active job search, job clubs, job fairs, information about the possibilities for career development, counselling, selection and classification, and self-efficiency training

⁴⁸⁰ In 2013, an evaluation was conducted on the net impact of the following incentives: job clubs, training for active job search ATP1, self-efficiency training ATP2 and job fairs, according to the rate of employment of persons who participated and based on administrative data. The results of the net impact obtained for the evaluation period of six months and longer after the completion of the evaluated incentive⁴⁸⁰ are positive and statistically relevant, and total 2 percentage points for jobs clubs, 3 percentage

in the period 2011-2013 engaged just below 60% of the funds allocated to active employment policy. Programmes for interns and vocational internship largely target young, well-educated persons in search of first employment, while training programmes most often involve persons with low qualifications. The programmes of vocational internship, introduced in 2011, entail acquisition of practical knowledge and skills for independent work in a profession without a labour contract and target unemployed persons with minimum secondary education no work experience in their chosen profession.

- 5.1.45. **Employment subsidies**⁴⁸² always pertain to the most expensive incentives per beneficiary and therefore special attention must be paid to their conceptualization and the monitoring of their implementation. In the period 2011-2013, subsidies accounted for some 25% of the funds earmarked for active labour market programmes. In the same period, **public works programmes** took up some 15% of the funds earmarked for active employment policy. The public works programmes should provide temporary financial support and work experience to the long-term unemployed and thus increase their chances of finding employment in the future. In practice, this objective has tended to be overshadowed by subsidising beneficial activities at the local level, relatively independent from the degree of engagement by members of vulnerable groups. As a result of the Regulation on Employment Promotion, adopted in 2011⁴⁸³, 16,623 employers used this subsidy for employment in the period May 2011-December 2013. A total of 40,701 persons were employed (27,676 of whom were from the NES register of unemployed persons) through support to new job creation, alleviation of the effect of the financial crisis and promotion of private sector employment.
- 5.1.46. A total of 45,000 young persons attended the programme “**First Chance**” in the period 2009-2011, thus gaining their first work experience. The second programme includes subsidies for employment granted to employers for new job creation, which has resulted in the employment of an average 1,500 young persons each year. A programme for vocational internship, initiated in 2011, targeted approximately 6,500 young people under the age of 30. By February 2012, some 2,680 young people benefited the incentives supported by the Fund for the Employment of Youth (51.4% men, 48.6% women).⁴⁸⁴ The 2013 National Employment Action Plan contained one novelty – **implementation of a services package for youth** – as a way to provide integrated services to young people with modest allocations for active labour market programmes. The services package for youth included almost 20,000 young persons, which received incentives for active employment policy measures over the first three months following their registration at the NES. This represents a 21.7% share in the total number of persons difficult to employ included in active employment policy measures (91,038 persons).
- 5.1.47. The position of older workers (50+) on the labour market is very difficult, despite the automatic improvement of the related activity rate due to extension of the age threshold for retirement and other measures such as the introduction of a stricter regime for granting disability pensions. The

points for active job search ATP1 and 8 percentage points for job fairs. The self-efficiency training ATP2 has no positive net effects, because the incentive aim to activate unemployed persons. Still, it should be noted that the funds spent on mediation in employment and professional orientation and career counselling, and therefore their share in the total active labour market measures were considerably underestimated, as the costs of these incentives are mainly covered from the NES operating costs. It should be stressed that a number of persons included in these incentives depended on the limited capacities of the National Employment Service (the number of employees, space and technical capacities).

⁴⁸¹ Reference is made to: programmes of capacity building for independent work (interns, vocational internship, acquisition of practical knowledge), trainings (for labour market, at the request of employers), re-qualification and acquisition of additional qualifications and functional primary education of adults

⁴⁸² Reference is made to subsidies for self-employment and subsidies for employment granted to employers for new job creation

⁴⁸³ Official Gazette of RS, Nos. 32/11 and 34/11.

⁴⁸⁴ Summative Evaluation Report: Joint Programme - Support To National Efforts For The Promotion Of Youth Employment And Management Of Migration.

“**Second Chance**” programme, aimed at the functional education of adults and their preparation for inclusion into the labour market, captured older workers at some 9% of the total number of programme beneficiaries. Of the total number of beneficiaries in this age group, 32% persons participated in the standard programme of incentives for mandatory social insurance for newly employed workers.⁴⁸⁵

- 5.1.48. The high number of surplus employees continues to be a special problem on the labour market. The legal status and employment of this category has been resolved in different ways, including various active employment policy measures. In 2013, **implementation of a service package for surplus employees** older than 50 years of age began, which included 786 persons into active employment policy measures (0.9% out of the total number of persons difficult to employ who are involved in active employment policy measures).
- 5.1.49. The number of **persons with disabilities** involved in active labour market programmes increased by approximately three times (some 5,600 persons) in 2013 relative to 2009. In all, 22 approvals for measures and activities supporting the professional rehabilitation of persons with disabilities were issued over the course of 2013. Since the beginning of the implementation of the Law on Employment and Professional Rehabilitation, some 28,000 persons with disabilities have been employed, while the total number of persons employed from the registry of the NES is 13,937 and/or 4,846 women.⁴⁸⁶
- 5.1.50. In addition to regular public calls, the NES publishes special public calls for distributing subsidies for self-employment, and for employers employing **Roma**. A total of eight Roma were employed through a subsidy to employers for new job creation; a total of 28 Roma started their own business supported by a subsidy for self-employment. In addition to these calls, Roma are included in all other programmes and active labour market programmes implemented by the NES. More than 3,000 Roma were involved in active labour market programmes in 2013. Over the course of that year, Roma represented 33% of participants in the programme for the functional education of adults. The share of Roma women participating in subsidies for self-employment continues to grow – from 36% in 2008 to 40% in 2013.
- 5.1.51. One of the components of the EU-funded and OSCE-implemented project **Technical Support for Roma Inclusion** aimed to support companies with the potential for the sustainable employment of Roma. Of the 68 submitted draft initiatives, between 15 and 25 enterprises and initiatives with a most sustainable model of Roma employment will be supported, following the field visits, through procurement of equipment, consultancy and education of newly employed persons.
- 5.1.52. Decentralisation and the promotion of regional and local employment policy development is one of the priorities of employment policy. Over the course of 2011, co-funding of 122 local employment action plans was approved in 121 local governments and AP Vojvodina. The budget for co-funding programmes and measures totalled 22.8% of the allocations for implementing active employment policy measures, 50% of which was directed towards underdeveloped municipalities. In 2012, co-funding of 135 local employment action plans was approved, along with participation in funding local action plans/employment in 82 underdeveloped municipalities (51.91% funds relative to the total sum allocated). In 2013, the Government supported co-funding

⁴⁸⁵ Law on Contributions for Mandatory Social Insurance, Official Gazette of RS, Nos. 84/04, 61/05, 62/06, 5/09, 52/11, 101/11, 47/13, 108/13 and 6/14-as amended).

⁴⁸⁶ May 01, 2009 – May 30, 2014, National Employment Service. The discrepancy in numbers relating to total employment and employment from NES registry may be interpreted with the fact that a number of employees was granted the status of persons with disabilities upon entering the procedure of assessing labour capacities. These persons were not previously registered with the NES as unemployed, yet they enter the total number of employed persons with disabilities upon being granted the status of persons with disabilities.

of 127 requests of local governments. However, funds earmarked for implementation were considerably reduced by the Republic budget rebalance and so co-funding did not take place in the majority of cases. Therefore, many local governments decided to fund implementation of the measures set out in action plans⁴⁸⁷ by themselves.

- 5.1.53. The following support programmes for developing **small and medium-sized enterprises (SMEs)**⁴⁸⁸ were implemented in 2013: Programme of Support to Innovative Fast-growing Small and Medium-Sized Enterprises (some 22.6 million RSD to 29 enterprises); Programme of Support to Small Enterprises for the Procurement of Equipment for 78 enterprises (some 93 million RSD disbursed); Programme of a Standardised Set of Services for Small and Medium-Sized Enterprises and Entrepreneurs, implemented through accredited regional developmental agencies, totalling 34.5 million RSD. In 2013, a pilot project for financial support through the Programme of Support to the Activities of Associations for the Promotion of Development of Entrepreneurship was launched. Among its objectives, this Programme promotes youth and women's entrepreneurship, including the development of skills and knowledge along with support to implement business ideas. The Programme has supported nine associations, and spent 1.3 million RSD on the development of women's entrepreneurship, out of the total disbursed funds (eight million RSD).⁴⁸⁹
- 5.1.54. With respect to promoting **women's entrepreneurship**, a credit line of the Fund for Development of Female Entrepreneurship was launched in 2012. In the period 2012-2013⁴⁹⁰, the Fund approved five loans to legal entities, amounting to 15.4 million RSD and 21 requests from entrepreneurs, amounting to 49 million RSD.⁴⁹¹
- 5.1.55. The Ministry of Youth and Sports continued to promote programmes and projects towards developing **youth entrepreneurship** in the period 2011-2013, by supporting various measures and activities aimed at building the capacities of young persons for self-employment and business start-ups.
- 5.1.56. The goal of the IPA 2011 project **Support to Evidence-based Employment Policy Development** has been to enhance the impact of employment policies in Serbia and to integrate forecasting, monitoring and evaluation systems into the design and implementation of active employment policy measures. Beneficiaries of the project include the Ministry of Labour, Employment, Veteran and Social Affairs and the National Employment Service. The implementation started in September 2012 and will last until October 2014.
- 5.1.57. The twinning project **Preparation of Labour Market Institutions in the Republic of Serbia for European Employment Strategy**, funded by the European Union in the amount of EUR 2 million, has contributed to strengthening the capacities of the Employment Sector of the Ministry of Labour, Employment, Veteran and Social Affairs and the National Employment Service and representatives of 64 local governments and local employment councils, with the goal of

⁴⁸⁷ From local government budgets, a total of RSD 274,401,582.64 was earmarked for the implementation of programmes and incentives of active labour market policies from local action plans/employment.

⁴⁸⁸ In addition to the Ministry of Economy, the National Agency for Regional Development, Serbian Investment and Export Promotion Agency, Development Fund and the Agency for Insurance and Funding of Exports were involved in the implementation of incentives to support the development of SMEs.

⁴⁸⁹ Source: Ministry of Economy.

⁴⁹⁰ As of August 30, 2013. Source: Ministry of Economy.

⁴⁹¹ Guarantee Fund of AP Vojvodina continues to support women's entrepreneurship through a programme of support to inactive women as well as funding the procurement of equipment for women entrepreneurs and founders of small enterprises. 2011 and 2012 Business Reports, Guarantee Fund of AP Vojvodina.

accelerating reforms on the labour market in cooperation with stakeholders and within the framework of the EU accession process.

CONCLUSIONS

- 5.1.58. The employment policy has rendered modest results, especially with respect to the objectives of the National Employment Strategy 2011-2020. Despite employment growth recorded in 2013, the employment rate remains at some two percentage points below the target rate set by the Strategy, and the unemployment rate at some five percentage points above the target rate.
- 5.1.59. The standing of the Republic of Serbia against EU indicators related to long-term unemployment is distinctively unfavourable compared to the EU average.
- 5.1.60. During the last 10 years, the Republic of Serbia experienced “recovery without employment growth”, but this trend reversed in October 2013 to “stagnation with a high employment rate”. The key contributing factors related to the offer of labour. In October 2013, the employment rate of the working age population totalled 49.2%, and the unemployment rate fell to 21%, while an activity rate of 62.2% reached pre-crisis levels.
- 5.1.61. The population responded to the challenge of a protracted drop in the sources of available earnings outside their own jobs (pensions, remittances, rent, loans, etc.) by an increased family offer of labour, especially through informal employment, self-employment and the unpaid work of helping household members. On the other hand, paid employment in private companies has not shown major signs of recovery as a consequence of GDP stagnation, completion of the privatisation process and an unfavourable business environment.
- 5.1.62. The active labour market programmes that the NES implemented prior to and after the crisis paid little attention to removing the factors behind the increasingly fewer chances of finding employment that many young persons face on the labour market. The number of young persons not involved in employment, education or training (NEET) is particularly worrying.
- 5.1.63. The unemployment rate of persons with lower levels of education increased significantly. These persons face limited opportunities in finding new jobs outside “vulnerable” employment, which additionally aggravates their status on the labour market.
- 5.1.64. On the one hand, the high inactivity rate in the Republic of Serbia is a consequence of the difficult economic situation and a limited number of vacancies, which is discouraging for all groups of inactive persons. On the other hand, inactivity is determined also by specific factors among job opportunities, which differ depending on the age and gender of the inactive persons. In conditions of stagnation or slow GDP growth, coupled with demographic challenges, overcoming high inactivity rates is important as it represents one of the potential sources of growth.
- 5.1.65. Pursuant to the National Employment Strategy 2011-2020, efficiently contributing to mitigating the effects of the financial crisis, by supporting persons difficult to employ and particularly vulnerable categories of the unemployed, would require increasing allocations for active employment policy measures as well as increasing economic activity. However, these allocations were drastically reduced over the past three years: from 0.19% of GDP in 2011 to only 0.03% of GDP in 2013. This share is considerably lower compared to other countries in the region.
- 5.1.66. Evaluating measures and developing evidence-based employment policy have a decisive impact on its effectiveness. Exhaustive recommendations were formulated in the area of active employment policy measures.⁴⁹² Development of a National Action Plan/Employment calls for

⁴⁹² The project “*Dalje integrisanje sistema za prognoze, monitoring i evaluaciju u kreiranje i sprovođenje mera aktivne politike zapošljavanja i usklađivanje Nacionalne kvalifikacije zanimanja sa ISCO 2008 standardima*”.

use of detailed information about the labour market and systemic evaluation of the gross and net effects of active employment policy measures.

- 5.1.67. The results of several evaluations of the net impact of individual programmes conducted in recent years could be summarised as follows: mediation in employment, professional orientation and career counselling have proved to be very efficient, as confirmed by international experience. As for trainings, the findings of evaluations are mixed, but long-term positive results have been ascertained. The programmes of direct subsidies to employment have stronger direct effects, but these are expensive and employment would occur even without the interventions. In line with international experience, public work programmes have stronger impacts as a social policy and social inclusion measure than as a measure for increasing the chances of finding employment. Aiming to improve the situation of Roma on the labour market, the activities were directed at improving the educational structure, supporting inclusion into active labour market programmes (additional education and trainings, public works, support to self-employment) and promoting flexible forms of employment. As there are a considerable number of Roma among internally displaced persons, interventions targeting internally displaced persons are also relevant.
- 5.1.68. An active employment policy also promotes the concepts of lifelong learning and active ageing, which must be accompanied by improved access to trainings, education and career guidance combined with systemic information about new job creation and employment opportunities. Particular support is provided to persons with low levels of knowledge and skills; at the same time, trainings are planned to improve the competencies of highly qualified workers|.
- 5.1.69. In its Progress Reports, the European Commission has regularly noted the underdeveloped social dialogue in the Republic of Serbia and the need to build the capacities of participants.⁴⁹³ It has been stressed that the institution of the Socio-Economic Council is still insufficiently respected and that, in the majority of cases, it does not receive for opinion drafts of laws within its mandate; the dynamics of convening meetings is also erratic.
- 5.1.70. Government support for developing social entrepreneurship should be directed to public policy management and institution strengthening, access to funding, skills and access to markets. In addition to the low competitiveness of social enterprises and heavy debts, finances are a key problem.

LINES OF ACTION

- 5.1.71. Recommendations referring to the strategic framework of employment policy:
- Integrate the process of employment policy development with the process of economic policy development, in the short term as well as in the long term;
 - Conduct a comprehensive analysis of the implementation of the National Employment Strategy and revise objectives and actions for the period 2015-2020, in view of the new economic reforms agenda and changed circumstances on the labour market;
 - Continue evaluating measures and consolidate capacities for evidence-based policy development in the competent ministry and the NES through systemic use of *ex ante* and *ex post* evaluations of employment programmes and as a basis for budget processes.
- 5.1.72. Recommendations referring to labour market institutions:
- Direct labour legislation reform towards changing legislative provisions on safeguarding employment (issues of severance payments, duration of fixed-term contracts) and working hours;
 - Stimulate recipients of benefits to find jobs more quickly through:

⁴⁹³ 2011, 2012, 2013 Serbia Progress Reports.

- Administrative pressure by frequent calls and requirements for mandatory check-ins or reporting, disbursing bonuses for finding employment quickly, compensating for “a missed benefit” from unemployment benefit;
- Offering participation in more expensive active labour market programmes without terminating rights to benefits, as a way to stimulate efforts and increase chances to find employment.

5.1.73. In addition to labour legislation reforms, recommendations on work force demand also address the taxation of labour, completion of the privatisation process (ensure severance pays and support identifying cost-effective employment for workers declared technical surplus), improvement of the business environment, stimulating investments and subsidies for employment (evaluate effects and cost-effectiveness of the most represented programmes with a view to reforming and consolidating these incentives).

5.1.74. Recommendations referring to active labour market policies and measures directed towards promoting an active population and increasing labour force quality:

- Increase allocations for active labour market measures to 0.5% GDP by 2020, in line with the objectives defined in the National Employment Strategy 2011–2020, with a view to approximating labour market indicators in Serbia with those in EU countries;
- Increase allocations for mediation in employment and professional orientation and career counselling, to allow an increase from the current practice of one counselling session every three months;
- Devise additional education and training curricula to better respond to the needs of less educated beneficiaries. Since analysis has shown that the levels of education of the inactive population are exceptionally low, better programmes and additional education and training may increase their participation on the labour market;
- Redesign training curricula meticulously with a view to shifting emphasis from classroom-based training to on-the-job trainings (trainings at the request of employers);
- Start massive programmes for youth (such as the “First Chance” programme), including youth who have not graduated from secondary schools, given that analysis has shown that the probability of inactivity is lower among youth with work experience;
- Strengthen inter-sector cooperation, especially by introducing a system of integrated services in the areas of education, social protection, employment and care of youth, with a view to preventing as well as shortening the period of existing unemployment of categories difficult to employ;
- Undertake quality monitoring and assessment of existing programmes and measures and their more efficient targeting of vulnerable groups, encourage the active participation of stakeholders in the process of monitoring and evaluating active employment policy measures and offer feedback to all participants in the process as well as the general public (local governments, associations of employers, trade unions);
- In order to promote the higher participation of women on the labour market, adopt adequate policies contributing to the better harmonisation of work, family and private life;
- Create separate programmes and incentives for particular categories of persons difficult to employ as well as persons with multiple vulnerabilities; maintain focus on youth to address highly pronounced problem of youth unemployment;
- Improve the package of services for youth with a view to more intensive guidance and counselling; include youth in on-the-job training programmes and steer them towards self-employment subsidies;
- Create separate self-employment subsidy programmes targeting older workers with considerable work experience, following the positive experience of the “Severance to a Job” programme, and the growing number of older participants in this programme;

- Adopt a wider policy on active ageing, as one of the key economic and social objectives of the European Union;
- Conduct an evaluation of measures and activities aimed at stimulating employment and professional rehabilitation of persons with disabilities;
- Give priority to improving the educational structure of the Roma population through funding programmes on general access to education for persons up to 30 years of age and expanding programmes such as the “Second Chance” programme. It is necessary to continue the public works programme, with an application of affirmative action principle and the sustainability of the programme;
- Align the National Qualification Framework with international standards and principles by developing a system for classifying professions according to ISCO;
- Define the Framework for the Development of Social Entrepreneurship, as well as coordination at inter-ministerial level. Link priorities and incentives to the objectives and legal forms of social enterprises (cooperatives, associations and foundations, enterprises for the professional rehabilitation and employment of persons with disabilities, Ltds.). Invest efforts in raising the awareness of the benefits and opportunities of public procurement (and its social aspect), which may be a significant source of funding.

5.2. Education

LEGAL AND STRATEGIC FRAMEWORK IN THE REPUBLIC OF SERBIA

- 5.2.1. The **Strategy for the Development of Education in Serbia until 2020** was adopted in 2012⁴⁹⁴, identifying the purpose, objectives, directions, instruments and mechanisms of developing the education system. These strategic objectives of education system development include raising the quality of the process and outcomes at all levels of education, increasing coverage of population of the Republic of Serbia at all levels of education, attaining and maintain the relevance of the education system and increasing the efficiency of education. An action plan for the achievement of objectives set by the Strategy has not been adopted. A series of laws regulating standards for pupils and students was adopted in 2013: the Law on Amendments to the Law on the Foundations of the Education System, the Law on Primary Education, the Law on Secondary Education, the Law on Adult Education, the Law on Amendments to the Law on Higher Education and the Law on Amendments to the Law on Pupils’ and Students’ Standards. The laws adopted in the course of 2013 were developed in accordance with the objectives of the Strategy for the Development of Education in Serbia until 2020.
- 5.2.2. The 2011 **Law on Amendments to the Law on the Foundations of the Education System**⁴⁹⁵ specifically regulates the following issues⁴⁹⁶: keeping records and public documents, the role of national minority councils when education in the majority of classes takes place in the language of a national minority and the work of inter-sector committees (where, for example, instead of the recommendation of a selected doctor, committees may offer opinions on additional support to children with developmental problems in education and school enrolment).

⁴⁹⁴ Official Gazette of RS, No 107/12.

⁴⁹⁵ Official Gazette of RS, Nos 72/09 and 52/11.

⁴⁹⁶ The Law on the Foundations of the Education System underwent changes and amendments twice since its endorsement in 2009: in 2011 and in 2013.

- 5.2.3. **The 2013 Law on Amendments to the Law on the Foundations of the Education System**⁴⁹⁷ introduced changes and amendments related to the following issues: access to education at all levels; children, pupils and adults with developmental problems or disabilities as well as persons accommodated in institutions of social protection, persons in hospital or under home treatment; reducing the dropout rate; development of key and professional competencies; establishment and operation of the Agency for Education; organisation of language learning for children of expellees or internally displaced persons or persons returned under readmission agreements and the role of andragogical assistants. The National Education Council and the Council for Vocational and Adult Education was mandated with monitoring, analysing and issuing recommendations for reducing dropout rates among children and pupils as well as proposing measures to continue the education of persons who dropped out of the system. The Law provides for adapting textbooks for pupils with developmental problems and disabilities to cater to their needs, as well as for the provision of other (additional) support as defined by a separate regulation – the Rulebook on Additional Educational, Health and Social Support to the Child and Pupil.⁴⁹⁸ Additional support, *inter alia*, refers to adapting and procuring textbooks and teaching materials (e.g. in Braille, etc., depending on the needs of pupils); using adjusted teaching materials and assistive technologies; ensuring training of pupils to use the Braille alphabet, move independently or use assistive technology tools, sign language or other alternative ways of communication; and ensuring support to educational, health care or social welfare institutions to adapt conditions and the environment and procure tools for working with children in need of additional educational support.
- 5.2.4. **The Law on Primary Education**⁴⁹⁹ governs mandatory and free primary education. Mandatory education includes the Preparatory Preschool Programme and eight years of primary education. The Preparatory Preschool Programme is implemented in the year preceding a child's enrolment in school and lasts nine months, for four hours each day. Children with developmental challenges and disabilities may attend mainstream schools with additional support or schools for pupils with developmental challenges on the basis of the opinion of an inter-sectoral committee and with the consent of the parents or guardians. Pupils complete primary education by taking a final examination after the successful completion of the eighth grade, which grants the right to enrol in secondary school. The final examination of pupils with developmental problems or disabilities is modified depending on the type of the special additional support required and is conducted pursuant to individual education plans. The Law provides for the organization of regular national and international examinations of achievement of pupils. In addition, it introduced the possibility to organise home schooling and distance learning; detailed conditions await endorsement of the rulebooks. The Law also requires school libraries to collect textbooks and other teaching materials for pupils with developmental problems or disabilities. Each primary school is obligated to have its own web page.⁵⁰⁰
- 5.2.5. **According to the Law on Textbooks and Other Teaching Aids**⁵⁰¹, teaching blind students and students with impaired sight may use textbooks and teaching aids published in Braille, in electronic form or in other formats adjusted for the blind and persons with impaired sight. The Law categorises textbooks adapted to the needs of pupils with developmental problems or

⁴⁹⁷ Official Gazette of RS, Nos 72/09, 52/11 and 55/13.

⁴⁹⁸ Official Gazette of RS, No 63/10.

⁴⁹⁹ Official Gazette of RS, No 55/13.

⁵⁰⁰ According to data of the Ministry of Internal and Foreign Trade and Telecommunications, collected over the course of implementation of the project "Digital School", 842 schools had their own Internet site.

⁵⁰¹ Official Gazette of RS, No 72/09.

disabilities as low-circulation textbooks and their publication is governed by the rulebook on the publication of low-circulation textbooks.⁵⁰²

- 5.2.6. The **Law on Secondary Education**⁵⁰³ governs secondary education, which is free and not mandatory. It also introduces the possibility of distance learning. With respect to pupils and adults with developmental problems or disabilities attending mainstream schools, the Law provides for additional support so that schools ensure the removal of physical and communication barriers and pass individual education plans depending on their needs. Schools for pupils with developmental problems implement curricula for certain professions on the basis of the opinion of an inter-sector committee and with parental or guardian's approval. If teaching is organised in a language of an ethnic minority or a foreign language, the Law envisages organising Serbian language classes as well. Pupils complete secondary schools by taking final examinations. Pursuant to the Law, the minister shall adopt the programme for final examinations in vocational schools by the end of 2016/17 and the programme for general, vocational and art final examinations by the end of 2017/18. Endorsing the programme for final examinations will create the preconditions for pupils to enrol in institutions of higher education without taking entrance examinations (with the exception of special aptitudes and talents that may be required for a given course of study) and in accordance with the provisions of the Law on Higher Education.⁵⁰⁴
- 5.2.7. The **Law on Adult Education**⁵⁰⁵ governs the education and life-long learning of adults as an element of the comprehensive education system in the Republic of Serbia. Adult education takes place through formal and informal education as well as through non-formal learning that may be organised in primary or secondary schools or in other registered organisations approved by the Ministry of Education, Science and Technological Development.⁵⁰⁶ The Law provides for the establishment of sector councils – professional bodies formed for sectors of work according to the National Classification of Occupations. The Law also stipulates the possibility for local governments to establish councils for adult education, aiming to more efficiently monitor the education of adults, as well as the passing of annual plans for adult education. Several local governments may establish joint councils for adult education.
- 5.2.8. The **Law on Higher Education** was amended in 2012 and 2013.⁵⁰⁷ The 2012 amendments added competencies to the Commission for Accreditation and Quality Control, which is now mandated to propose a national qualifications framework for higher education, passed by the Ministry of Education, Science and Technological Development. The amendments of 2013 provided the legal framework for founding the Academy for National Security.⁵⁰⁸

⁵⁰² Official Gazette of RS, No 30/10. Textbook publishers are obliged to take part in securing funds for the publication of textbooks with low circulation in proportion to their circulation, i.e. up to 1% of the generated net income from the sale of textbooks and other teaching aids in the previous calendar year. If these proceeds do not suffice, the remainder is secured from the generated surplus of income over expenditures of the public publisher (PC Institute for Textbooks) or from other sources in line with the Law (Article 5). The rulebook also requires that the catalogue of textbooks with low circulation is published on the web site of the Ministry (Article 10).

⁵⁰³ Official Gazette of RS, No 55/13.

⁵⁰⁴ A pupil who successfully passed a general final exam does not need to take an entrance examination because the score of the final exam is taken into account. If required, a faculty may organise a control of aptitude and capacity of pupils. A faculty may require students who graduated from a vocational secondary school or grammar school to take final examinations in certain general subjects.

⁵⁰⁵ Official Gazette of RS, No 55/13.

⁵⁰⁶ For the purpose of this law, adults shall be persons over 15 years of age acquiring primary education according to the curriculum for primary education of adults, persons over 17 years of age who acquire secondary education according to the curriculum for adults and persons over 18 years of age involved in other types of informal education or non-formal learning.

⁵⁰⁷ Official Gazette of RS, Nos 93/12 and 89/13.

⁵⁰⁸ Faculty for the implementation of study programmes in the area of national security.

- 5.2.9. The **Law on Amendments to the Law on Pupils' and Students' Standards**⁵⁰⁹ establishes the right to grant monthly scholarships to exceptionally talented pupils and students. The scholarships are non-refundable. Pupils' and students' scholarships or loans may be also granted by local governments. The amendments also govern issues related to keeping records on institutions, employees, pupils and families' social status, as well as the modality of data collection, keeping and processing.
- 5.2.10. In line with the **Law on Local Self-Governments**⁵¹⁰, local self-governments hold executive powers at the local level. Based on the Law on the Foundations of the Education System, local governments establish preschools, primary schools and secondary schools; prepare and draft instruments on the networks of preschools and primary schools based on the identified criteria; establish centres for professional advancement; appoint and discharge members of preschool steering committees and school boards (primary school, secondary school, school for adult education); perform inspection as an entrusted task; and finance preschool education⁵¹¹, the professional advancement of employees, years-of-service awards, transport for pupils and employees⁵¹² and other current expenditures. In addition, local self-governments keep records and inform preschools and primary schools about children who have reached the age for respective enrolment.
- 5.2.11. Until passing of new laws in 2013, numerous by-laws (rulebooks) were passed, governing in detail the **quality of education**; these rulebooks related to the following: standards (the achievement by pupils at the end of primary and general secondary education; competencies of teachers, tutors and principals; quality of the work of institutions and the quality of textbooks); professional advancement and acquisition of titles for teachers, associates and tutors; final examinations in primary education; rulebooks addressing the grading of pupils in primary schools, training curriculum for teaching assistants, norm for direct work with pupils, low-circulation textbooks, etc. A rulebook on specific criteria for identifying forms of discrimination by employees, pupils or third parties is still to be passed. Passage of a rulebook on distance learning, online learning and the teaching of children at home or in hospital treatment is relevant to social inclusion.
- 5.2.12. The National Education Council prepared and adopted the "Guidelines for Advancing the Role of Information and Communication Technologies in Education"⁵¹³ in 2013. The Guidelines focus particularly on the application of ICT to social inclusion through recommendations to develop accessible digital teaching materials, assistive technologies, new teaching models, more flexible use of school equipment, etc.
- 5.2.13. The **Rulebook on Technical Standards of Accessibility**⁵¹⁴ **was adopted**, setting down conditions to be fulfilled in designing, constructing, reconstructing, renovating and changing the purpose of public buildings, thus significantly facilitating life in the community for persons with

⁵⁰⁹ Official Gazette of RS, No 55/13.

⁵¹⁰ Official Gazette of RS, No 129/07.

⁵¹¹ Under the Law on Preschool Education (article 50, Official Gazette of RS, No 18/2010), 80% of the expenditures on preschool education is covered by local governments, while 20% of the required funds are provided by households whose children attend these institutions.

⁵¹² A local government shall fund transportation of children and their companions in preparatory preschool curriculum at a distance exceeding 2 km, primary school pupils at a distance exceeding 4 km, and irrespective of the distance in the case of children and pupils with developmental problems. In addition, local governments shall fund the transport of pupils to republic competitions.

⁵¹³ Guidelines for improving the role of ICT in education, Internet-based presentation of the National Education Council, http://www.nps.gov.rs/wp-content/uploads/2013/12/SMERNICE_final.pdf

⁵¹⁴ Official Gazette of RS, No 46/2013.

disabilities and persons with mobility challenges. All educational institutions must observe the standards set out in this Rulebook.

STATE OF AFFAIRS IN THE AREA

- 5.2.14. **The educational structure of the population in the Republic of Serbia remains unfavourable.** Based on data from the 2011 Population Census, 2% of citizens over the age of 10 are illiterate (five times more women than men), 11% of the population over the age of 15 have incomplete primary education, 20.8% only primary and 48.9% of the population have secondary education. Only 16.2% of the population has higher education.⁵¹⁵
- 5.2.15. **Regional disparities in the level of education are considerable.** According to the results of the 2011 Population Census (see: Table 14 - Population by education structure, by type of settlement and sex, by region, in % 2011 Population Census, Annex 1), some 23% of persons in urban areas have higher education as compared to only 6% in non-urban areas. The ratio is opposite with respect to the share of persons with primary education and lower – this rate is about 23% in urban areas and as high as 51% in non-urban areas. Comparisons between different regions in Serbia shed additional light on the enormous regional disparities among levels of education within the population, and these disparities correspond to differences in the level of regional economic development.
- 5.2.16. The percentage of persons with tertiary education (some 16%) is similar among men and women, but there are more women than men with primary education or lower (39% vs. 29%).
- 5.2.17. **The educational attainment level of the Roma population is considerably less favourable than that of the overall population.** A total of 87% of the Roma population has primary education or below, and under 1% have higher education (see: Table 15 - Population of Serbian and Roma nationality, by education structure and region (in %), 2011 Population Census, Annex 1).
- 5.2.18. **The educational structure of persons with disabilities is considerably less favourable than that of the overall population:** 53.3% of persons with disabilities aged 15+ have primary education or incomplete primary education, while only 6.6% have completed tertiary education. These differences further increase when observing the educational structure of urban versus non-urban areas (see: Table 16 - Persons with disabilities by age and education structure, by type of settlement (in %), 2011 Population Census, Annex 1).
- 5.2.19. **The educational level of the labour active population (15-64) is low:** approximately 27% have not completed primary education or have completed only eight years of primary education, and more than half (56.4%) have completed secondary education. Only 11% of the population has a higher education (ISCED 5 and above).⁵¹⁶
- 5.2.20. **A significant number of youth are not in education or training either.** Persons aged 18 to 24 who dropped out of education early are those who completed primary education (ISCED 1 or ISCED 2) or short (up to 2 years) secondary education programmes (ISCED 3c) and who are not in education or training (NEET).⁵¹⁷ The number of unemployed youth in education and in training in the Republic of Serbia decreased from 2011 to 2013 and stood at about 140,000 in 2013

⁵¹⁵ SORS (2012), 2011 Population Census, 5.6% non-university higher education and 10.6% university-level higher education.

⁵¹⁶ SORS, Labour Force Survey, 2013.

⁵¹⁷ Not in employment, education or training, definition in line with EC proposal, http://europa.eu/rapid/press-release_MEMO-11-52_en.htm?locale=en

(25.3% of the total number of young persons aged 18–24)⁵¹⁸ (see: Table 9 – NEET indicator: number of youth who are not in education or training, 2011–2013, Annex 1).

Table 5.2.20. NEET indicator: number of young persons not in education or training (2011–2013)

	15–24			18–24		
	2011	2012	2013	2011	2012	2013
NEET	179,738	174,677	149,965	170,782	166,230	140,766
Share in total population	21.3%	21.5%	19.5%	28.1%	27.6%	25.3%

Source: Statistical Office of the Republic of Serbia, Labour Force Survey

5.2.21. **Accurate data on children dropping out of the education system in the Republic of Serbia are not available.** According to the Strategy for the Development of Education in Serbia until 2020, the rate of primary school dropout is estimated at between 10% and 15% of a generation, and is significantly more pronounced among children from vulnerable groups. With respect to secondary education, assessments on early dropout range from 8% to as high as 30%.

5.2.22. **The number of adults participating in lifelong learning programmes is small.** According to the records of the Ministry of Education, Science and Technological Development, only 3.5% of adults aged 25–64 attended education and training programmes in 2013.⁵¹⁹

5.2.23. Although, according to the Adult Education Survey data, 16.5% of adults aged 25–64 took part in education programmes in 2011, this is considerably below the average in European Union countries, where some 41% of adults attend some form of education and training.⁵²⁰

5.2.24. Despite progress, it is still important to work on alignment with European Union objectives and indicators in education. Relative to European Union objectives in education, the educational system in the Republic of Serbia demonstrates the following performance:

Table 5.2.24. Performance of the Republic of Serbia relative to EU objectives in education (2013)

	EU 27	EU 2020 targets	Republic of Serbia, 2013	Strategy for the Development of Education in Serbia until 2020
Participation of children in preschool education (from the age of 4 to enrolment in mandatory education) ⁵²¹ (a)	91.7%	95%	54.8% ⁵²²	80%
Early school leavers not in training % of persons aged 18–24 with primary education (ISCED 2) not in education or training (b)	13.5%	<10%	25.3% ⁵²³	<15%

⁵¹⁸ SORS, 2013 Labour Force Survey. The number of young persons who are not employed, not in education and not attending trainings totalled approximately 150,000 (19.5% of the total number of young persons aged 15–24) in 2013.

⁵¹⁹ Ministry of Education, Science and Technological Development, bilateral screening, April 2014

⁵²⁰ SORS (2011), Adult Education Survey

⁵²¹ In the Republic of Serbia, this is PPP (preparatory preschool programme).

⁵²² Statistical Office of the Republic of Serbia, the data do not include PPP.

⁵²³ SORS, 2013 Labour Force Survey.

% pupils with low levels of reading literacy (below Level 2 on PISA scale 2012) (c)	18.6%	15%	33.2% reading 38.9% mathematical 35% scientific ⁵²⁴	<25%
% of persons aged 30-34 who completed university education (d)	34.6%	40%	18%	38.5% ⁵²⁵
Lifelong learning % of adults aged 25-64 participating in education and training (e)	8.9%	15%	3.5% ⁵²⁶	7% ⁵²⁷

Sources: (a) for the European Union: Eurostat, Structural Indicators, for the Republic of Serbia – Statistical Yearbook of the Republic of Serbia 2013, b) for the European Union: Eurostat, Structural Indicators, for Serbia LFS, Statistical Office of the Republic of Serbia, c) PISA 2012 Results: What Students Know and Can Do, Student Performance in Mathematics, Reading and Science Volume I, d) for the European Union: Eurostat, Structural Indicators, for the Republic of Serbia – 2011 Census, e) for the European Union: Labour Force Survey in the European Union, candidate and EFTA countries, main characteristics of national surveys, 2010.

Coverage and Access to Education

- 5.2.25. The data of the Statistical Office of the Republic of Serbia and the Ministry of Education, Science and Technological Development on the number of children in the preschool education system differ owing to different methodologies of data collection and different data collection periods (the SORS collects data as of the first of October, and children are enrolled in the preschool preparatory programme even after that date).
- 5.2.26. According to the data of the Statistical Office of the Republic of Serbia, the Republic of Serbia has 170 preschools and 2,411 buildings where the preparatory preschool programme takes place (2,330 state owned and 81 privately owned). In the school year 2012/2013, preschool education covered 188,340 children⁵²⁸, divided in 9,359 education groups, with a total of 24,360 employees.⁵²⁹ When these data are compared to 2011/2012⁵³⁰, there is an increase in the number of children by some 3,440 (the total number of children in that school year was 184,900, with 9,264 education groups).
- 5.2.27. The lowest coverage of children is at nursery age (0-3) – 15.9%. The coverage of four-year olds in the school year 2012/2013 was 49.7%, while the coverage of children from age 3 until the beginning of school was 58.1%.⁵³¹ Although coverage of children by the mandatory preparatory preschool programme is still not full, an upward trend is evident. Relative to 2010/11, the coverage of children by the mandatory preparatory preschool programme in 2011/12 increased by 5.6% and totalled 93.16% (compared to 87.54%), while the coverage of children in the school year 2012/13 totalled 92.65%. According to preliminary data of the Multiple Indicator Cluster

⁵²⁴ In the Republic of Serbia in 2009, 32.8 % of children were insufficiently functionally literate in the domain of reading literacy, 40.5% in the domain of mathematical literacy and 31.4 % in scientific literacy (Baucal A., Pavlović D., Teach me to think, teach me to learn, 2009 PISA Data Analysis, Institute for Psychology, Faculty of Philosophy, University of Belgrade, Centre for Applied Psychology, 2010).

⁵²⁵ Ministry of Education, Science and Technological Development, bilateral screening, April 2014

⁵²⁶ Ministry of Education, Science and Technological Development, bilateral screening, April 2014

⁵²⁷ The comparison between the data for the Republic of Serbia and EU Member States is not possible because of the differences in the process of collection of data for this indicator. For the European Union Member States, this indicator is calculated on the basis of Labour Force Survey data.

⁵²⁸ The number of children covered by preschool education from the age of six months to their enrolment in schools or in institutions conducting a curriculum of preschool education.

⁵²⁹ Data taken from <http://webzrs.stat.gov.rs/WebSite/repository/documents/00/00/99/66/dd20042013.pdf>

⁵³⁰ Data source: http://webzrs.stat.gov.rs/WebSite/repository/documents/00/01/17/33/05_Obrzovanje.pdf

⁵³¹ Statistical Office of the Republic of Serbia, Education Statistics.

Survey, the coverage of children aged 36–59 months by pre-school programmes is 50.2% for the general population in the Republic of Serbia. At the same time, the coverage of children from Roma settlements is 5.7%.⁵³² The share of children in preschool education from families with higher socio-economic status (SES) is considerably higher than the share of children from the poorest families (82% vs. 9%).⁵³³ Access to preschool education for children in rural areas is half that of children in urban areas: 27.3% vs. 62.6%. In addition, children with disabilities are insufficiently covered by this system. While only 5% of children in this age group have some form of disability, a mere 1.2% of enrolled children are children with disabilities.⁵³⁴ Data indicate a correlation between municipal development levels and coverage by preschool education, as well as the fact that in poor municipalities poor children are not enrolled as a result of the shortage of municipal funds for subsidies.⁵³⁵

- 5.2.28. **The number of primary school pupils continues to decrease as a result of the negative demographic trend.** In the school year 2012/2013, 70,192 pupils enrolled in the first year of primary school. A total of 565,199 pupils currently attend primary schools. This is a drop of 6,900 compared to the school year 2011/12 (572,099).⁵³⁶

Table 5.2.28. Total number of children enrolled in mainstream primary education

2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
598,108	587,147	578,978	572,099	565,199

Source: Statistical Office of the Republic of Serbia, Education Statistics.

- 5.2.29. In the school year 2011/2012, the **coverage** of primary school age children **by primary education** was somewhat lower than the previous school year – **95.25%**.⁵³⁷ Although primary education is mandatory, coverage of children aged 7 was 92.60% in 2011/2012, and somewhat higher in the school year 2012/2013 – 95.70%.⁵³⁸
- 5.2.30. The proportion of children from the overall population enrolled in the first grade of primary school in school year 2013/2014 was 97%, whereas it was substantially lower for children from Roma settlements – 69.1%. A large number of children from Roma settlements who enrol in primary schools fail to finish it in time. This percentage is considerably higher for children from Roma settlements compared to children from the general population (36% versus 6.6%).⁵³⁹
- 5.2.31. According to the Statistical office of the Republic of Serbia, the primary education dropout rate stood at 0.90% in school year 2011/2012, compared to 0.70% in school year 2012/2013.⁵⁴⁰ Children who quit regular schooling most often originate from marginalised groups (the Roma). They either do not continue schooling at all or continue in schools for adult education. The highest dropout rate for the above period was recorded between the fifth and sixth grade – 3.1%,

⁵³² Statistical Office of the Republic of Serbia and UNICEF, 2014 Serbia Multiple Indicator Cluster Survey and 2014 Serbia Roma Settlements Multiple Indicator Cluster Survey, preliminary results.

⁵³³ Ibid.

⁵³⁴ Investments into education in early childhood in Serbia, UNICEF, 2012.

⁵³⁵ UNICEF, Investing in Early Childhood Education, 2012.

⁵³⁶ Data refer to the beginning of school year.

⁵³⁷ Coverage by primary education of children of the relevant age represents a ratio of children aged 7-14 who attend primary schools and the estimated number of children aged 7-14.

⁵³⁸ Coverage by primary education of children aged 7 represents a ratio of children aged 7 attending primary schools and the estimated number of children aged 7.

⁵³⁹ Statistical Office of the Republic of Serbia and UNICEF, 2014 Serbia Multiple Indicator Cluster Survey and 2014 Serbia Roma Settlements Multiple Indicator Cluster Survey, preliminary results.

⁵⁴⁰ Statistical Office of the Republic of Serbia, Education Statistics. The dropout rate represents a difference between the number of pupils at the beginning of a school year and the number of pupils at the end. This method of calculation does not register those who dropped out between the end of one school year and the beginning of the next.

and the lowest between the third and fourth grade – 0.7%.⁵⁴¹ The rate of primary school completion in the school year 2012/2013 was 96.60%.⁵⁴²

- 5.2.32. According to a survey by the Ministry of Education, Science and Technological Development conducted in 80% of all primary and secondary schools in Serbia⁵⁴³, **92.2% of all pupils in need of additional support attend mainstream schools** (others attend special schools). A higher percentage of children in need of additional support enrol in mainstream primary schools than in mainstream secondary schools.⁵⁴⁴

Table 5.2.32. Number of pupils in mainstream primary schools following individual education plans (IEP) in school year 2013/2014

	Pupils for whom IEP1 was developed		Pupils for whom IEP2 was developed		Pupils with inter-sectoral committee opinion	
	total	girls	total	girls	total	girls
Total in mainstream primary schools	4,538	1,722	2,500	993	2,852	1,101
In central schools	3,912	1,477	2,082	816	2,424	918
In satellite schools	626	245	418	177	428	183

Source: Statistical Office of the Republic of Serbia, Education Statistics, 2014

- 5.2.33. **The capacities for the implementation of inclusive education continue to improve at the national level** through various measures and solutions such as the following: Inclusive Education Support Network providing support to educational institutions in developing accessible, quality and fair education for each child, and in particular for children from vulnerable groups⁵⁴⁵; teams for inclusive education, such as professional teams established at the level of institutions, which have three to five members (teachers, associates, representatives of professional councils); inter-sectoral committees assessing the need for additional support in health care, social protection and education. Teaching assistants have also been mainstreamed into the system (with currently 170 teaching assistants mainstreamed and their salaries funded from the national budget).⁵⁴⁶ Teaching assistants' work has proven to be crucial for improving the education process. According to the latest survey⁵⁴⁷, in lower primary grades, 52.52% of the 811 teachers interviewed have a positive attitude to inclusive education. The draft Framework for Monitoring Inclusive Education in Serbia⁵⁴⁸ was developed with a view to monitoring the implementation of inclusive education and advancing its quality. The Joint Body for support and coordination of the oversight of inter-

⁵⁴¹ Combined data of the Ministry of Education and SORS.

⁵⁴² Statistical Office of the Republic of Serbia, Education Statistics. Primary education completion rate represents a ratio of the number of pupils who finished the final (eighth) grade of primary education to the number of children of the foreseen primary education completion age.

⁵⁴³ MES, (2012). Monitoring of implementation of inclusive approach to the education system in Serbia.

⁵⁴⁴ DILS is a Government project funded by a loan from the International Bank for Reconstruction and Development - IBRD No 7510 (Official Gazette of RS, No 121/08).

⁵⁴⁵ The network has been established under the DILS project implemented by the Ministry of Education, Science and Technological Development, and is supported and developed in cooperation with the Austrian organisation KulturKontakt and UNICEF.

⁵⁴⁶ Within the framework of IPA 2008 project "Education for All – Improvement of Accessibility of Quality of Education of Children from Marginalised Groups", a rulebook on teaching assistants was developed and 128 new teaching assistants employed. Within the framework of IPA 2012, a project plans to support the continuous trainings of teaching assistants as well as prevent dropouts among Roma pupils through scholarships.

⁵⁴⁷ Institute for Education Quality and Evaluation (2010): Assessment of capacities and needs of teachers for development of inclusive education. The survey was conducted within the framework of the project of the Teachers' Alliance of the Republic of Serbia "Support to Inclusive Education Through Education System". Belgrade, Republic of Serbia.

⁵⁴⁸ Social Inclusion and Poverty Reduction Unit in cooperation with UNICEF, FOS and Institute for Psychology, 2014.

sectoral committees for assessing the needs for additional educational, health or social support to children and students (hereinafter: Joint Body), established in the previous period, has not continued its operation on an ongoing basis.

- 5.2.34. In the school year 2013/2014, 18,651 pupils enrolled in the first grade of primary education in the territory of the Autonomous Province of Vojvodina⁵⁴⁹, constituting 2.31% less than the previous school year. Within the number of enrolled pupils, 6.49% are members of the Roma community. One hundred and sixty four first grade pupils attended classes of an elective subject “Roma Language with Elements of National Culture”, which is 76 (86.36%) more than in the previous school year. Based on data from the Ministry of Education, Science and Technological Development, 369 pupils enrolled in the first grade of secondary school through affirmative action in the school year 2012/2013. According to the same source, 94 pupils with developmental problems enrolled in schools on the territory of AP Vojvodina in the school year 2013/2014. Of the number of enrolled pupils, 21 attend classes in mainstream primary schools and 73 in primary schools for children with developmental problems.
- 5.2.35. In mainstream schools, over 5% of the students from socially unstimulating environments drop out in all grades except the eighth. At the beginning of upper primary school years, there is a high percentage of pupils in inclusive education programme who repeat grades (8%) or drop out (11%). This change seems particularly difficult for pupils from socially unstimulating environments – 15.4% of these pupils drop out from the fifth grade. The situation (as per criteria of completion, repetition or dropout) in mainstream secondary schools is the worst for students in need of additional support, and particularly for those with learning problems. As many as 30% students with learning problems fail to complete the secondary school grade in which they enrol, and some 13% of them quit in the first two grades of secondary school. Also, many students from socially unstimulating environments (11.5%) quit in the first grade of secondary school.⁵⁵⁰
- 5.2.36. **The rate of continuing schooling after the completion of primary school exceeds 99%.⁵⁵¹** This means that less than one percent of all pupils who complete primary schools do not continue education at the secondary level. Still, dropouts do occur and upon enrolment in secondary schools, with coverage of children of the relevant age totalling 85.40% in the school year 2012/2013.⁵⁵² Dropout⁵⁵³ before completion of secondary education in three-year schools is 3.21%, and in four-year schools, 1.29% (the overall dropout rate in secondary education 1.54%).⁵⁵⁴ The Republic of Serbia is one of the few countries where secondary education is not yet mandatory, although the Strategy for the Development of Education in Serbia until 2020 provides for the introduction of mandatory secondary education.
- 5.2.37. The percentage of attendance of secondary education is lower among children from vulnerable groups – only 74% of the poorest children (68.2% of boys and 83.3% of girls) attend secondary

⁵⁴⁹ Provincial Secretariat for Education, Administration and Ethnic Communities
http://www.puma.vojvodina.gov.rs/dokumenti/obrazovanje/informacije/2013_2014/Informacija_Upis_u_prvi_razred_osnovne_skole_2014.pdf

⁵⁵⁰ Kurčubić, P. (2012). Monitoring of Implementation of the Inclusive Approach to Education in Serbia: Belgrade: Ministry of Education, Science and Technological Development.

⁵⁵¹ Statistical Office of the Republic of Serbia, Education Statistics. Rate of continuation of schooling after the completion of primary school represents a ratio of the number of the newly enrolled pupils in the 1st grade of primary school and pupils who enrolled the final, eighth grade of primary school in the previous school year.

⁵⁵² Statistical Office of the Republic of Serbia, Education Statistics.

⁵⁵³ The dropout statistics should be improved; this indicator and the modality of measurement and data collection should be defined precisely.

⁵⁵⁴ Statistical Office of the Republic of Serbia, Education Statistics.

education. As regards children from Roma settlements, 21.6% attend secondary education, specifically only 14.9% of the girls and 28% of the boys of secondary school age.⁵⁵⁵

- 5.2.38. **The number of students enrolled in higher education institutions is increasing.** In academic year 2011/2012, the number of students in faculties and colleges grew by 1.4 % compared to the preceding year. The proportion of the generation that attends faculties and colleges amounts to about 42% and displays a slight upward tendency.⁵⁵⁶ In recent years, about 53,000 students enrol for the first time in the first year of academic or vocational studies each year. A comparison of these figures to the Population Census data reveals that about two thirds of eighteen-year-olds have decided to continue their education at the tertiary level.

Table 5.2.38. Higher education enrolment trend in the Republic of Serbia, 2011–2013

	2011/2012	2012/2013	2013/2014
Number of students newly enrolled in the first year of academic or vocational studies	53,082	53,179	53,564
Number of eighteen-year-olds in the population ⁵⁵⁷	82,839	81,888	81,049
Proportion of eighteen-year-olds in the cohort enrolled in higher education	64.1%	64.9%	66.1%

Source: Reports of the Statistical Office of the Republic of Serbia 2011, 2012 and 2013.

- 5.2.39. In 2012, one in four people in the age group 25–34 had completed some form of higher education (24.9%), which is still considerably below the EU28 average (35.2%).⁵⁵⁸
- 5.2.40. **The representation of the Roma in higher education is very low.** The Roma account for less than 0.10% of the total student population, which is far below their share in the total population – 3–5%. Most of these students (50%) attend studies in the Autonomous Province of Vojvodina.⁵⁵⁹ Through measures of affirmative action implemented at faculties, 120 Roma secondary school graduates enrolled in 2012/2013.⁵⁶⁰
- 5.2.41. **The criterion of success is still the dominant criterion for the award of pupils' and students' scholarships.**⁵⁶¹ In the school year 2013/2014, a total of 11,968 pupils' scholarships were awarded, though only 10% of them to the pupils from vulnerable groups. In addition, 324 scholarships were disbursed to Roma pupils.⁵⁶²
- 5.2.42. The survey shows that in academic year 2011/2012, scholarships and loans were used by only 12% of the students, while only 7% lived in halls of residence and one fifth opted for subsidised meals in students' canteens. Data show that as many as 80% of students did not take advantage of any kind of assistance, and that 60% do not even qualify for it.⁵⁶³

⁵⁵⁵ Statistical Office of the Republic of Serbia and UNICEF, 2014 Serbia Roma Settlements Multiple Indicator Cluster Survey, preliminary results.

⁵⁵⁶ Statistical Yearbook of the Republic of Serbia, 2013.

⁵⁵⁷ Projections are based on the 2011 Population Census data.

⁵⁵⁸ Eurostat (2014), Labor Force Survey data

⁵⁵⁹ According to data of the project TEMPUS: Equal access for all, enhancing social dimension with a view to strengthening the European Higher Education Area, 2011/14. Available at: <http://www.equied.ni.ac.rs/>

⁵⁶⁰ Source: Ministry of Education, Science and Technological Development.

⁵⁶¹ Rulebook on Pupils' and Students' Scholarships and Loans (Official Gazette of RS, Nos 46/10, 47/11, 56/12 and 75/13).

⁵⁶² Data of the Ministry of Education, Science and Technological Development.

⁵⁶³ According to data of the project TEMPUS: Equal access for all, enhancing social dimension with a view to strengthening the European Higher Education Area, 2011/14. Available at: <http://www.equied.ni.ac.rs/>

- 5.2.43. In academic year 2011/2012, 121 **students with disabilities** attended Belgrade University, 49 Novi Sad University, nine Niš University and eight Kragujevac University. Though statistical information is lacking, the numbers have been increasing over the past years.⁵⁶⁴
- 5.2.44. The Law on Higher Education provides for the right of students to take examinations in a manner suited to their capacities, but it does not define specific conditions related to the removal of barriers for students with disabilities with respect to accessibility of space, teaching materials and teaching in general, nor about the accessibility of information and student services. Students with disabilities continue to face physical barriers as well as those related to lectures, textbooks and access to information and student services. The Mika Mitrović hall of residence in Belgrade remains the only one for students with disabilities and impaired health; other halls of residence are not accessible and have not been remodelled to ensure equal rights to all students.
- 5.2.45. **The network of educational institutions and the organisation of work in them are inadequate.** The network of preschools, primary schools and secondary schools has not been adapted to demographic and economic changes.⁵⁶⁵ In addition, the majority of schools do not have access ramps or special toilets, meaning that children with disabilities who attend these schools face additional obstacles.

Quality of Education

- 5.2.46. **The education system in the Republic of Serbia has lower outcomes relative to the international average.** An analysis of educational achievement of 15-year olds in the Republic of Serbia, conducted on the basis of PISA⁵⁶⁶, showed the results of pupils from Serbia to be considerably below the OECD average and that of the other European countries (with the exception of Bulgaria and Romania). Nevertheless, educational achievement of pupils from Serbia has improved in the period 2006-2012. In the domain of reading literacy, the average achievement in 2012 was 45 points higher than in 2006, while more limited progress was made in the domain of scientific and mathematical literacy (14 points in mathematics and nine in science). Furthermore, progress was made in reducing the percentage of pupils who did not reach the level of functional literacy – from 52% in 2006 to 33% in 2012. The socio-economic status of pupils in the Republic of Serbia explains approximately 12% of the variance on the scale of mathematical competencies, placing the Republic of Serbia within a group of countries with a similar level of education equity as in the OECD countries.⁵⁶⁷

⁵⁶⁴ Association of Students with Handicaps from Belgrade, Kragujevac, Niš and Novi Sad.

⁵⁶⁵ Law on the Foundations of the Education System (2009), Article 29, stipulates that the number and layout of space in educational institutions shall be planned in accordance with the act on the network of institutions. This act is to be passed pursuant to the criteria defined by the Government (Regulation on Criteria for Passing the Act on the Network of Preschools and Act on the Network of Primary Schools (Official Gazette of RS, No. 80/10)), which defined criteria for the new network of preschools and primary schools. Based on this Regulation, the local government assembly passes an act on the network of preschools and primary schools, and plans the number and layout of these institutions. The Act on the network refers only to institutions founded by the Republic, Autonomous Province or a local government unit. The Act on the network of secondary schools founded by the Republic, Autonomous Province or a local government unit is passed by the Government based on the criteria (Article 13, para. 4, Law on Amendments to the Law on the Foundations of the Education System, Official Gazette of RS, No 55/13).

⁵⁶⁶ PISA (Programme for International Student Assessment) is one of the instruments to monitor achievement of Lisbon objectives at the EU level. Its results are indicators of the quality of education provided in the National Programme for the Adoption of the EU acquis, Poverty Reduction Strategy of the Republic of Serbia and the country-specific indicators of social exclusion.

⁵⁶⁷ In 2009 in the Republic of Serbia, the socio-economic status of pupils was attributable to only 10% of the variance of educational achievement in reading literacy, while in 2006 it was attributable to 14% of the variance. The average difference between pupils who differ by one standard deviation on the scale of socio-economic status (average 0, standard deviation 1) totalled 27 points on the PISA scale in 2009. It was somewhat higher in 2006, amounting to 36 points.

- 5.2.47. **The results of the 2011 TIMSS**⁵⁶⁸ show the average achievement in mathematics (in grade four) to be 516 points. The difference between boys and girls was six points in favour of boys, but this has no statistical relevance. Furthermore, 10% of the fourth grade pupils did not achieve the level of the lowest knowledge of mathematics, and a small number of pupils (9%) reached levels of advanced achievement, which concurs with the international median. In natural sciences, the average achievement was also 516 points, with insignificant differences between boys and girls. In all, 8% of pupils achieved advanced levels, while 9% did not attain the threshold of the lowest level of knowledge. Compared to other countries in the region, Serbia scores better than Croatia (490 points) and Slovenia (513 points) in mathematics, while Slovenia, with 520 points in natural sciences, fared better than Serbia. In natural sciences, Croatia and Serbia have equal scores.
- 5.2.48. **The results of the final examination at the end of primary education in the school year 2012/2013** were not taken into account when placing pupils in secondary schools due to omissions in the organisation and execution of the final examination. Average pupil achievement on the Serbian language test was 11.59 points, and on the mathematics test 10.86 out of a maximum of 20 points. Only the achievements of pupils from municipalities in group I by development level (above the national average) differed significantly from the rest. Pupils from other municipalities, regardless of development levels, had similar achievements, on average.⁵⁶⁹ The analysis of the final examination **in school year 2013/2014** showed that average pupil achievement on the Serbian language test was 9.22 points and on the mathematics test 8.57 points (out of a maximum of 16 points), while on the combined test, introduced in this school year, it was 4.87 points (out of a maximum of 8 points).⁵⁷⁰
- 5.2.49. **A new approach to primary education for adults was adopted and implemented as of the school year 2013/2014.**⁵⁷¹ Standards of achievement in adult education were adopted, along with a new plan and curricula, and a new approach to teaching and learning embraced. Primary education for adults lasts three years and is executed in three educational cycles, with the last part of the third cycle also including vocational training for simple jobs. **Andragogical assistants were introduced** into the system, and teachers trained for working with adults in 78 primary schools. A rulebook on the professional level of teachers required for adult education was passed.
- 5.2.50. **Significant progress was made in the education of Roma pupils.** The survey⁵⁷² shows that measures of educational policy directed at increasing coverage, reducing dropout and absences and increasing the success of Roma pupils in schools have been successfully implemented and are rendering the first results. A study of the impact of introducing teaching assistants in 22 primary schools in the Republic of Serbia⁵⁷³ shows positive influence on educational achievement of Roma pupils, regular attendance of classes, an increased number of pupils attending extracurricular activities and improved cooperation with parents.
- 5.2.51. In addition to the established legal framework for **pupils' education in national minority languages**, additional improvement is also required with regard to information dissemination and

⁵⁶⁸ Trends in International Mathematics and Science Study

⁵⁶⁹ Institute for Education Quality and Evaluation, Report on the Administration and Results of the Final Examination at the End of Primary Education in School Year 2012/2013, Belgrade, October 2013

⁵⁷⁰ <http://www.mpn.gov.rs/vesti?start=40> (accessed on July 18, 2014)

⁵⁷¹ This approach is developed through the project Second Chance – Development of the System for Functional Primary Education of Adults in Serbia – IPA 2008, verified through testing in the school years 2011/2012 and 2012/2013.

⁵⁷² Jovanović, V. (ed.) (2013): *Obrazovna inkluzija dece romske nacionalnosti: izveštaj o sprovedenom monitoringu u osnovnoškolskom obrazovanju*. Belgrade: Center for Education Policies.

⁵⁷³ Institute for Education Quality and Evaluation (2009): *Uloga asistencija za podršku učenicima romske nacionalne manjine kao sistemske mere u unapređivanju obrazovanja Roma*. Belgrade, Republic of Serbia.

provision of the requisite textbooks to ensure the preconditions for high-quality education in minority languages are in place.⁵⁷⁴

- 5.2.52. Both science and humanities textbooks abound in discriminatory contents, in particular with regard to transgenderism, transsexuality and intersexuality, as well as stereotypical portrayal of gender roles, occupations and persons of homosexual orientation.⁵⁷⁵
- 5.2.53. With a view to ensuring and advancing the quality of the education system, the following acts were passed: general standards of achievement at the end of mandatory education⁵⁷⁶, educational standards for the end of the first cycle of mandatory education⁵⁷⁷, standards of the quality of textbooks⁵⁷⁸, standards of competencies for teachers and their professional development⁵⁷⁹, standards of the quality of work of schools and preschools⁵⁸⁰ and standards for competencies of the principals of educational institutions.⁵⁸¹ In addition, in November 2013, the National Education Council adopted standards of achievement in eight general subjects for the end of secondary education⁵⁸² as well as inter-subject competencies (based on the European framework of key competencies). Drafts of the subject competencies were made for 10 subjects in primary education.
- 5.2.54. **The mainstreaming of modernised (pilot) profiles of secondary vocational education continues.** Following good evaluation results, replacement of classic profiles by equivalent modernised profiles started: nine pilot profiles in three areas of work during school year 2010/2011, five pilot profiles in two areas of work during school year 2012/2013, and nine pilot profiles in five areas of work in the 2013/2014 school year. Mainstreaming of all remaining pilot profiles should be completed in the course of the next two years. The data from enrolment over the past several years indicate increased interest for these profiles.
- 5.2.55. At the level of higher education, the Bologna Process is entering its eight year of implementation, thought it has been assessed as poor at a ministerial conference in Bucharest in 2012.⁵⁸³ Other stakeholders such as students, professors and labour market professionals have also assessed its implementation as poor.⁵⁸⁴

⁵⁷⁴ European Commission (2012.): 2012 Serbia Progress Report, available at:

http://www.seio.gov.rs/upload/documents/eu_dokumenta/godisnji_izvestaji_ek_o_napretku/izve%C5%A1taj_napretku_2012.pdf

⁵⁷⁵ Labris – Organisation for Lesbian Human Rights, *Istopolna orijentacija u srednjoškolskim udžbenicima*, 2014, available at <http://labris.org.rs/wp-content/uploads/2014/07/Analiza-diskriminatorsnog-sadrzaja-srednjoskolskih-udzenika.pdf>

⁵⁷⁶ Rulebook on general standards of achievement – education standards for the end of mandatory education, Official Gazette of RS – Education Gazette, No 5/10. Standards of achievement have a multiple role in the education system. They are a precondition for the quality of education, a measure of the quality of education, a basis for the development of curricula and a basis for the final examination. In addition, their introduction alters the work philosophy of teachers in the classroom. The objective is no longer delivery of the curricula content, but achievement of standards. A revision of standards of achievement for the end of primary education is under way.

⁵⁷⁷ Official Gazette of RS – Education Gazette No 5/11.

⁵⁷⁸ Official Gazette of RS – Education Gazette No 1/10.

⁵⁷⁹ Official Gazette of RS – Education Gazette No 5/11.

⁵⁸⁰ Official Gazette of RS, Nos 7/11 and 68/12.

⁵⁸¹ Official Gazette of RS, No 38/13.

⁵⁸² <http://www.nps.gov.rs/arhiva> (accessed in January 2014).

⁵⁸³ At a ministerial conference in Bucharest in 2012, the implementation of the Bologna Process in Serbia was graded 3.11 on a scale of 1 to 5.

⁵⁸⁴ Research carried out as part of the TEMPUS Careers project <http://www.careers.ac.rs/documents-download/finish/80-univerzitet-u-beogradu/195-careers-istrazivanje-info-za-javnost.html>

- 5.2.56. **The development of the National Curricula Framework⁵⁸⁵ is ongoing.** The framework is focused on learning and the pupil as a subject and not an object of teaching, on the development of general and cross-curricular competencies and on the achievement of standards and outcomes, rather than on the delivery of content. It will be based on competencies (general, cross-curricular and transversal), and will be tested in 165 schools in the Republic Serbia (primary schools, grammar schools and secondary vocational schools), and 13,000 teachers will be trained to implement it.
- 5.2.57. The **National Qualifications Framework** for primary and secondary education has been developed and a draft document, “National Qualifications Framework in Serbia – System of National Qualifications for Levels One to Five”, has been adopted by the Council for Vocational Education and Adult Education and presented to experts.⁵⁸⁶ The National Qualifications Framework of Higher Education, defining descriptions for levels six to eight, was adopted by the National Council for Higher Education⁵⁸⁷ in 2010. It was developed in line with national legislation and the documents defining the European Education Area. However, an integrated document which would include qualifications at all levels of education with the descriptors and list of occupations still remains to be developed. A task force was established to develop a Draft Integrated National Qualifications Framework for all levels of education in the Republic of Serbia. The task force consist of the representatives of the higher and secondary education systems who were involved in the development of the individual qualification frameworks. Although the task force was established, the fact that it has never convened or held any meetings presents a problem.
- 5.2.58. The development of an Integrated National Qualifications Framework is foreseen with support from the 2014 pre-accession funds; it should result in the development of a Draft Law on the National Qualifications Framework.
- 5.2.59. **Education of students – future teachers, preschool teachers and associates** is one the important preconditions for ensuring and advancing the quality of education. Amendments to the Law on the Foundations of the Education System established that the curriculum will be implemented by an institution of higher education within the accredited study programme or a life-long learning programme and that the institutions of higher education educating future teachers must offer them curricula from psychology, pedagogy and methodology. The amendments stressed students’ practice in particular, as it had never been organised at a systemic level but rather at the level of individual faculties and schools.⁵⁸⁸
- 5.2.60. According to the 2013 TALIS, the majority of teachers enjoy their work, although their profession is not held in high esteem by society and they are not sufficiently supported in what they do. A typical teacher in the Republic of Serbia very much resembles a typical teacher in other countries involved in the survey: they are mostly women (66%), aged 43 on average, in full-time employment in 81% of the cases and teaching classes with an average of 22 pupils. The differences are most striking in the share of teachers with higher education diplomas (83% in the Republic of Serbia compared to 91% in other countries). A typical principal in the Republic of Serbia works in a school with an average of 555 pupils and 45 teachers, has an average age of 49 and is female in 55% of the cases. An evident difference relative to other countries is found in the

⁵⁸⁵ Within IPA 2011 “Support Human Capital Development and Research – General Education and Human Capital Development”

⁵⁸⁶ <http://www.zuov.gov.rs/nacionalni-okvir-kvalifikacija/>

⁵⁸⁷ <http://nsvo.etf.rs/>

⁵⁸⁸ The project Support to Development of Human Capital and Research – General Education and Human Development Capital seeks to systematise the practice of future teachers, through a system that links institutions of higher education for future teachers as well as practice schools. In 41 practice schools, teachers are taught to become mentors to future teachers and to cooperate with university professors.

share of principals working full time but not teaching (99% vs. 62%), as well as working full time and teaching (1% vs. 35%).⁵⁸⁹ Of all the time a teacher spends in the classroom, 82% is spent on teaching, 10% on maintaining order in class and 8% on administrative work. Over the last 12 months, approximately 70% of teachers in the Republic of Serbia participated in one of the programmes of professional advancement for teachers as compared to the 90% average in other countries. Teachers from the Republic of Serbia participate considerably more at educational conferences and seminars compared to the average in other countries (60% vs. 44%). With respect to principals, the difference is evident in the share of principals who underwent trainings for school administration (49% vs. 85%), as well as training for managers (47% vs. 78%). Teachers from the Republic of Serbia believe they most need programmes for professional advancement in work with pupils with developmental challenges and disabilities (35% of teachers) and in the area of applying new technologies in the work place (21%).⁵⁹⁰

- 5.2.61. The objective and transparent monitoring of the quality of the system was initiated by the adoption of indicators for the education sector, including general standards of achievement in general education for the end of secondary education, for the primary education of adults and for the end of the first cycle of mandatory education. External school quality evaluation was also initiated. The Institute for Education Quality and Evaluation developed the Quality Standards for Preschool Institution, whose implementation is under way in cooperation with UNICEF.

Efficiency of the Educational System

- 5.2.62. **The 2010 Regulation on the Network of Primary Schools⁵⁹¹ is not being implemented.** Streamlining of the number of classes has not been accompanied by revocation of the legal status of small, urban schools. Local governments have failed to observe the 12-month legal timeframe since this Regulation entered into effect and have not foreseen closure of certain central primary schools in the Act on the Network of Primary Schools.
- 5.2.63. **The process of piloting education funding per student was interrupted in 2012.** The bylaws foreseen by the Law on the Foundations of the Education System⁵⁹² that would facilitate the introduction of the new funding model in school year 2014/2015 have not been adopted.
- 5.2.64. **The Education Management Information System (EMIS),** which is necessary to increase the efficiency and quality of the education system, has not been established yet, although the Law on the Foundations of the Education System provides for its development as one of the priorities of the Strategy for the Development of Education in Serbia until 2020.

⁵⁸⁹ Serbia-Country Note, TALIS 2013.

⁵⁹⁰ Ibid.

⁵⁹¹ Government of the Republic of Serbia (2010), Regulation on the Criteria for Adopting an Instrument Governing the Pre-school Institutions Network and Primary Schools Network, Official Gazette of RS, No 80/10 The Regulation defined the criteria for the optimisation of the primary schools network without adversely affecting education equity and accessibility. The Regulation did not define the minimum number of pupils in satellite schools, or the rules for closing rural schools. Conversely, the criteria were directed at the least rational primary schools in Serbia – small urban schools. Namely, the criteria focused on the superfluous networks of primary schools in towns – central schools with fewer than 400 pupils – in cases where there exists another central school in their vicinity (radius of less than 2 km). Implementing this criterion would revoke the status of legal entity of superfluous, extremely small primary schools in urban areas. Importantly, implementation of this criterion does not threaten the accessibility of primary education due to the vicinity of another, larger central school that would enroll pupils or manage the building of the closed school where the teaching process would continue. Optimisation of the network of primary schools would reduce teaching and non-teaching staff, without impacting accessibility or the quality of education.

⁵⁹² The system of financing as per number of pupils should ensure inclusion of pupils' different education needs and the specific features of the local environment into a formula that would serve as the basis for calculating the level of funds received by each education institution from the central and local budget. The new financing system foresees a more important role at the local level; the pilot process covered testing of the central formula in the 16 local governments. In addition to piloting the central formula, the idea was to develop models for local formulas, but the pilot process was not completed.

- 5.2.65. **The system for funding higher education has not been modernised.** A more efficient funding system is expected to be in place by end 2015.⁵⁹³
- 5.2.66. **In the previous period, increasing the efficiency of the education system was based on reducing the number of classes.** The Technical Instruction⁵⁹⁴ that led to a reduction of the number of classes in the period 2009-2012 and an increase in the number of pupils per class continues to be implemented. Optimisation of the number of classes targeted mainstream primary schools, especially since the school year 2009/2010, when controls on forming classes in the first grade and consolidating classes in the fifth grade were introduced. A decreasing trend in the number of pupils in primary education in the school years 2009/2010 to 2012/2013 was less pronounced compared to the preceding period (a 2.7% drop), though at the same time the number of classes dropped by 15.6%, resulting in an increase in the number of pupils per class. In AP Vojvodina, efficiency growth is least pronounced due to the need to teach in languages of ethnic minorities. The positive fiscal effects of optimisation of the number of classes in primary education may be expected over the next three to five years.
- 5.2.67. Unlike primary education, **the number of classes in secondary education is quite stable**, ranging between 10,700 and 11,100 classes over the past decade.⁵⁹⁵ As a rule, the average number of pupils per class is higher in secondary schools than in primary schools, and the applied method of optimisation would not result in a more significant drop in the number of classes.

Allocation of Public Funds for Education

- 5.2.68. Public sector expenditures on education include expenditures at all government levels (central, provincial and local) at all levels of education (preschool, primary, secondary and higher education), as well as expenditures not allocated by levels of education. According to European Union methodology, in 2012 the estimated public expenditures on education in the Republic of Serbia stood at 5.27% of the GDP, which is equal to the average public allocations in the EU-27 – 5.26% of the GDP.
- 5.2.69. On the basis of the available data on the level of state higher education institutions' own revenues and assessed expenditures on tuition fees in private higher education institutions, the level of private expenditures in the Republic of Serbia may be assessed at 1% of the GDP. Other forms of private expenditures on education (all education costs borne directly by students' parents) cannot be computed owing to the absence of reliable data. Yet, it may be assumed that the proportion of private expenditures in the Republic of Serbia could be above the European Union average, which was assessed at 0.7% of the GDP in 2011.
- 5.2.70. Still, it should be noted that allocations are significantly lower than in the European Union in absolute terms. Public education institutions' annual expenditures per student, combined for all education levels on the basis of the FTE (*full-time equivalent number of students*)⁵⁹⁶ in EU-28 stood at EUR PPS 6,914 in 2011.⁵⁹⁷ In the European Union, expenditures per student grow with education levels; thus, they amount to EUR PPS 5,851 in primary, EUR PPS 6,837 in secondary, and EUR PPS 9,947 in tertiary education. In the Republic of Serbia in 2012, public expenditures

⁵⁹³ With the support of the TEMPUS project FINHED, a systemic approach to resolving funding issues and creating a university education system which is sustainable, efficient and transparent is expected.

⁵⁹⁴ Ministry of Education (2009, 2010), Technical Instruction on forming classes and method of funding in primary and secondary schools, No 401-00-481/1/2009-08.

⁵⁹⁵ Source: Statistical Office of the Republic of Serbia.

⁵⁹⁶ The unit that standardises student workload in hours studied, thereby ensuring comparability of student workload among counties, <http://www.uis.unesco.org/Pages/Glossary.aspx>

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<http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do?sessionId=9ea7d07e30d833ac1194477c4b08a441b49a76419f65.e340aN8Pc3mMc40Lc3aMaNyTbxeOe0>

per student amounted to EUR PPS 2,449⁵⁹⁸ in primary and EUR PPS 2,224 in secondary education. Investments per student in the Republic of Serbia are about one third of those in the European Union.⁵⁹⁹ It should be noted that the allocation of expenditures per student in the Republic of Serbia does not follow the usual pattern of growth with education levels, which leaves room for further improvement in education efficiency by reallocating resources within the education sector.

Table 5.2.70a. Public expenditures on education in the Republic of Serbia, % of the GDP, 2010–2012

	2010	2011	2012
Preschool	1.0	1.0	1.1
Primary	2.1	2.1	2.1
Secondary	1.0	0.9	1.0
Higher	0.8	0.7	0.8
Education not classified by levels and ancillary services in education	0.4	0.3	0.4
Total	5.2	5.1	5.3

Source: Calculation for the purposes of the present report based on the data from the annual statements of accounts of the Republic of Serbia and the Autonomous Province of Vojvodina for 2010, 2011 and 2012 and the Treasury Administration of the Republic of Serbia (local governments' payment operations data for the calculation of expenditures incurred at local government level).

Table 5.2.70b. Public expenditures on education in selected countries, % of the GDP, 2012

	Total	Preschool and primary	Secondary	Higher	Ancillary services, expenditures on research and development and expenditures not allocated by education levels
Serbia	5.3	3.2	1.0	0.8	0.4
Bulgaria	3.5	0.7	1.7	0.8	0.3
Croatia	5.0	1.9	1.1	1.4	0.5
Hungary	4.8	1.4	1.6	1.0	0.9
Poland	5.5	1.8	1.5	1.5	0.6
Slovenia	6.4	2.3	2.3	1.2	0.6
France	6.1	1.7	2.4	0.8	1.1
Norway	5.5	2.2	1.1	1.4	0.7
Breakdown of investments by educational levels, %					
Serbia	100%	60	18	15	7
Bulgaria	100%	20	49	23	9
Croatia	100%	39	22	29	10
Hungary	100%	29	33	20	18
Poland	100%	33	28	28	11
Slovenia	100%	36	36	19	9
France	100%	28	39	13	18
Norway	100%	41	20	26	13

Source: Calculation for the purposes of the present report based on the data from the annual statements of accounts of the Republic of Serbia and the Autonomous Province of Vojvodina for 2010, 2011 and 2012 and the Treasury Administration of the Republic of Serbia (local governments' payment operations data for the calculation of

⁵⁹⁸ PPS based on the GDP converter for 2010, 2011, 2012.

⁵⁹⁹ It should be noted that full comparability of these data between the Republic of Serbia and the EU owing to differences in the duration of education levels. In the Republic of Serbia, primary education comprises levels ISCED 1 and 2, and secondary – ISCED 3, while in most EU Member States primary education comprises only ISCED 1, and secondary – ISCED 2 and 3.

expenditures incurred at local government level); for European countries: EUROSTAT, *General government expenditure by function* (COFOG)

Note: Data are only partly comparable with those on the Republic of Serbia, since primary education in the Republic of Serbia comprises levels ISCED 1 and ISCED 2 according to the International Standard Classification of Education (ISCED).

5.2.71. The major portion of the total public expenditures earmarked for education is covered at the level of the Republic – 68.4%, followed by local governments – 31.3% and the Autonomous Province of Vojvodina – only 0.3%.

5.2.72. In the Republic of Serbia, by education levels, 20.2% of the total expenditures on education is allocated to preschool education, 40.4% to primary education, 18.2% to secondary education and 14.5% to higher education.

Table 5.2.72. Public expenditures on education by government tier and education level, in RSD billion, 2012

	Total	Preschool	Primary	Secondary	Higher	Expenditures not classified by education levels
In RSD billion						
Republic of Serbia	120.6	0	58.1	27.1	25.3	10.1
Local governments	55.3	35.7	13.1	5.0	0.1	1.5
AP of Vojvodina	0.6	0	0.1	0	0.2	0.3
Republic of Serbia, total	176.5	35.7	71.2	32.1	25.6	11.9
Breakdown of funding of different education levels, %						
Republic of Serbia	68.4	0	81.6	84.4	98.8	84.9
Local governments	31.3	100	18.4	15.6	0.4	12.6
AP of Vojvodina	0.3	0	0.1	0.0	0.8	2.5
Republic of Serbia, total	100%	100%	100%	100%	100%	100%
Breakdown of expenditures by different government tiers, %						
Republic of Serbia	100%	0	48.1	22.4	21.0	8.4
Local governments	100%	64.5	23.7	9.0	0.1	2.7
AP of Vojvodina	100%	0	11.9	5.4	28.5	54.2
Republic of Serbia, total	100%	20.2	40.4	18.2	14.5	6.8

Calculation for the purposes of the present report based on the data from the annual statements of accounts of the Republic of Serbia and the Autonomous Province of Vojvodina for 2010, 2011 and 2012 and the Treasury Administration of the Republic of Serbia (local governments' payment operations data for the calculation of expenditures incurred at local government level).

Clarifications of the calculation using year 2012 as an example:

1. The total budget amount of RSD 139.5 billion executed by the Ministry of Education, Science and Technological Development, according to the Annual Statement of Accounts, was decreased by the allocations for science amounting to about RSD 16 billion, the transfers to local governments for the preparatory preschool programme (about RSD 2 billion) and all allocations for IPA projects within the budget of the Ministry of Education, Science and Technological Development (under RSD 1 billion).

2. The total expenditures of the Autonomous Province of Vojvodina amounting to RSD 0.6 billion include only allocations from the Budget of the AP of Vojvodina, without the transfers from the national budget for the salaries of the education system staff in Vojvodina.

3. Local expenditures include allocations from the payment operations of all municipalities and cities' treasuries. The allocations from the Treasury of the Autonomous Province of Vojvodina are not counted in, seeing that they are included either within national budget allocations (transfers) or within the allocations of the municipalities in the AP of Vojvodina, or, in a small amount, within allocations from the organic revenues of the AP of Vojvodina. The allocations include the municipalities in Kosovo and Metohija.

4 Expenditures on preschool education include all local government expenditures in functional categories 910 and 911. Expenditures in category 910 are not classified either as preschool education expenditures or as primary education expenditures. In accounting terms, this is, therefore, an unclear datum, which still does not significantly affect the overall expenditures level.

5 Expenditures on primary education include all expenditures of the Republic of Serbia and Autonomous Province of Vojvodina in functional category 910 and city and municipal expenditures in functional categories 912, 913, 914 and 915.

Allocations for secondary education include all expenditures of the Republic of Serbia and Autonomous Province of Vojvodina in functional category 920 and city and municipal expenditures in functional categories 920, 921, 922 and 923.

Allocations for tertiary education include all expenditures of the Republic of Serbia and Autonomous Province of Vojvodina in functional category 940 and city and municipal expenditures in functional categories 930 and 940.

Expenditures within the category “Education not classified by levels and ancillary services in education” include allocations from the national budget and those of the Autonomous Province of Vojvodina in categories 960 (which usually includes costs of pupils' and students' standard, various scholarships and the like) and 980 (costs of the Ministry, institutes and the like). This category includes city and municipal expenditures in categories: 900, 950, 960, 970 and 980.

MEASURES AND PROGRAMMES

5.2.73. **Free textbooks were provided** for all pupils in the first cycle of primary education (grades one to four) in the school year 2012/2013. The funds were earmarked in the budget of the Republic of Serbia, and this programme was repeated in the school year 2013/2014. The City of Belgrade also provided textbooks for each pupil in the second cycle of primary school (grade five to eight).

5.2.74. **The funding and enrolment of students with disabilities was encompassed by an affirmative measure** that the Ministry of Education, Science and Technological Development first implemented in the 2012/2013 school year. This measure sets a total quota of 2% of places funded from the budget for students with disabilities as well as for members of the Roma ethnic community. The quota is not distributed equally between these two groups. The 2% quota, however, does not suffice for both persons with disabilities and the Roma, which has caused certain problems due to greater interest in some faculties.

5.2.75. **A EUR 5 million IPA project “Improvement of Preschool Education in Serbia (IMPRES)”**⁶⁰⁰ produced a number of results, including a document entitled “Basics of Preschool Curriculum”, the training of expert associates in implementing special and specialised preschool programmes for children aged 3 to 5, the publication of a “Guide for Self-Evaluation in Preschools”, the erection of seven prefabricated modular buildings, the rehabilitation of 10 buildings, the purchase of seven vans and one bus for transporting children to kindergartens, the participation of 1,550 children aged 3 to 5.5 in special and specialised programmes and the increased coverage of children by preschool education.

5.2.76. The National Curricula Framework is being developed under the IPA 2011 project “**Support Human Capital Development and Research – General Education and Human Capital Development**”. This project refers to general pre-university education (primary school, grammar school and general subjects in secondary vocational education). It aims to make learning more interesting, of higher quality and more efficient; to improve the professional advancement of teachers and their pupils; for the future teachers to train in well-equipped schools; for the research community to link with the practitioners and for decision makers to create new evidence-based education policies. The value of the project is EUR 8.5 million from IPA 2011 and EUR 600,000 from the budget of the Republic of Serbia.

5.2.77. The **Higher Education Teaching Infrastructure Programme** (IPA 2010, EUR 25 million), which addresses the educational structure of higher education institutions is currently being implemented.

⁶⁰⁰ www.impres.rs

- 5.2.78. The implementation of a EUR 5.16 million joint project of the European Union and the Council of Europe entitled “**Regional Support to Inclusive Education**” began in 2013. The project’s general objective is to improve social inclusion and social cohesion in the Western Balkans through promoting inclusive education and training. The project targets 49 pilot schools and has established a regional network of inclusive pilot schools, regional network of inclusive teachers and regional education policy network for mutual learning and experience sharing.⁶⁰¹
- 5.2.79. As part of the EU-funded **Technical Assistance for Roma Inclusion** project, implemented by the OSCE Mission, dropout prevention programmes targeting Roma children are carried out. Scholarships for 1,000 Roma secondary school students over two school years are foreseen, as well as a mentoring programme for the 1,000 scholarship beneficiaries and training for 175 teaching assistants. Funds totalling EUR 990,000.00 have been earmarked for these activities.
- 5.2.80. The evaluation results of the components of the **Delivery of Improved Local Services (DILS)** programme pertaining to education accessibility and quality⁶⁰² show that it has contributed significantly to improving implementation of inclusive education and that individual education plans are more frequently and adequately used in participating schools. In the course of 2013, the Ministry of Education, Science and Technological Development ensured funds for procuring assistive technologies for pupils with developmental problems or disabilities and minivans for 21 municipalities in order to secure better access and quality of education and help students overcome learning barriers.
- 5.2.81. The Inclusive Education Support Network, launched in 2010 by the Ministry of Education, Science and Technological Development, has more than 120 members/professionals from various backgrounds – teachers, psychologists, pedagogues etc. The Network includes 14 “showcase” schools and 13 inclusive education best practice schools. In the previous two years, UNICEF supported Network activities that provided direct support to about 350 children with developmental problems and disabilities attending mainstream schools. About 750 teachers, associates and secondary school principals attended training in inclusive education.
- 5.2.82. The project “ “Kindergarten without borders – Expanding Early Learning Opportunities for Young Children” was implemented by UNICEF in collaboration with the Ministry of Education, Science and Technological Development, Centre for Interactive Pedagogy, 10 local governments and preschools between 2011 and 2013. The key results include raising the coverage of children aged 3–5.5 in 10 local governments by about 13%, i.e. by 713 children, and developing two modalities of high-quality programmes of four hours per day.⁶⁰³
- 5.2.83. The project “Combating Early School Leaving in Serbia” was launched in 2014. The project aims to contribute to reducing dropout and early school leaving through the establishment and enforcement of mechanisms for early identification of children at risk of dropping out, responding to this and the implementation of efficient prevention measures and intervention at the school level. The project is being implemented in four primary and six vocational secondary schools by UNICEF and Centre for Education Policies, in cooperation with the Ministry of Education, Science and Technological Development.

⁶⁰¹ Downloaded from: <http://www.razvionica.edu.rs/aktuelno/kod-kolega/poziv-školaма-у-склопу-регионалне-подршке> (accessed on February 4, 2014)

⁶⁰² Delivery of Improved Local Services (DILS) is a project supported by a World Bank loan that targets health care, social welfare and education: <http://www.dils.gov.rs/>

⁶⁰³ In addition, under the project, four local governments and preschools opened an additional 16 educational groups in rural areas owing to the experience gained through the project; 314 preschool teachers, associates and education advisers attended training in developing special and specialised programmes; 11 structures were remodelled for the purposes of project implementation; parents' involvement was enhanced through programme development and implementation; parents' initiatives were realised in collaboration with preschools.

- 5.2.84. In cooperation with seven local governments in South-Eastern Serbia, UNICEF worked on the development of the community centres concept. In 2013, education support programmes (including building competencies and personal development) involved about 700 children and youth of primary and secondary school age. All centres' programmes are funded by local governments.
- 5.2.85. **Fast ADSL Internet connection was installed in approximately 80% of primary and secondary schools.** The project was implemented within the Protocol on Cooperation signed by the Ministry of Education, Science and Technological Development and Telekom Serbia, and extended until 2016. During 2014, 450 Internet sites of primary schools in the Republic of Serbia were recorded.⁶⁰⁴
- 5.2.86. **Within the framework of the “Digital School” project** of the Ministry for Telecommunications and Information Society, computer classrooms were installed in 2,910 primary schools in the period 2010-2013.⁶⁰⁵ In all, some 30,000 computers were installed in more than 95% of all primary schools in the Republic of Serbia. The follow-up project “Digital Class” was implemented with three annual public competitions aimed at promoting the efficient and varied use of IT in the teaching process.⁶⁰⁶ Approximately EUR 15 million were spent on the “Digital School” project. This project substantially contributed to enhancing digital literacy in primary schools in the Republic of Serbia, introduced an innovative approach to teaching, reduced the gap between digital literacy in rural and urban areas from 39% to 11% and raised the level of knowledge among pupils and teachers about safe use of the Internet.⁶⁰⁷
- 5.2.87. The Institute for Advancement of Education and the Chamber of Commerce of the Republic of Serbia, with the support of EU projects Support to Quality Assurance – examination system in primary and secondary education (IPA 2008) and Modernisation of the System of Secondary Vocational Education and Training (IPA 2007), established four sector councils: the ICT Sector Council, the Agriculture Sector Council, the Food Industry Sector Council and the Tourism and Catering Sector Council. There is a significant lack of administrative capacities for analysing the current situation and projecting required professions. Most analyses are conducted without planning and funded by donors. National Programme for Serbia under IPA 2011 “Further Integration of Forecasting, Monitoring and Evaluation in the Design and Implementation of Active Labour Market Programmes and Adjustment of the National Classification of Occupations with ISCO08” aims to address precisely this area, with the expected result of creating an advanced methodology for projecting labour market trends. According to the recommendation of the Council for Vocational Education and Adult Education, a minimum of two pilot sector councils are to be established in 2014.
- 5.2.88. The Ministry of Education, Science and Technological Development and the Ministry of Youth and Sports, supported by the German Organisation for International Cooperation (GIZ), are

⁶⁰⁴ Source: Ministry of Internal and Foreign Trade and Telecommunications.

⁶⁰⁵ Of which 1,589 school buildings are equipped with state-of-the-art computer cabinets with five to 30 work stations, while 1,321 satellite schools (with fewer than 40 pupils) in rural areas are equipped with laptops and projectors. All primary schools are equipped with computer cabinets, including schools for children with developmental problems and persons with disabilities. Part of the equipment was installed in homes for children without parental care and students' halls of residence. The project was complemented by training teachers to use computer cabinets, developing teaching materials for lectures on ICT use (project “Digital Class”) and promoting safe Internet use (project “Click Safely”).

⁶⁰⁶ During the above-mentioned three public calls, a total of 774 papers were received, 153 were awarded and 720 were published incollections of papers available on the project website.

⁶⁰⁷ The report of the UN Broadband Commission and UNESCO on education and ICT: Technology, Broadband and Education – Advancing the Education for All Agenda, ITU/UNESCO, 2013, http://www.broadbandcommission.org/work/working-groups/education/BD_bbcomm-education_2013.pdf (accessed on January 17, 2014). The project was also awarded a Computerworld Honors in 2013, for exceptional contribution to promoting social policy and enhancing the prosperity of citizens through ICT.

implementing a **vocational guidance programme targeting pupils in grades 7 and 8**, which has included some 64,000 pupils to date.⁶⁰⁸ This programme has been implemented in all primary schools as of the 2013/2014 school year. The Belgrade Open School also implements activities related to career guidance and counselling as well as activities contributing to overcoming the mismatch between the education system and the labour market in the Republic of Serbia.⁶⁰⁹

- 5.2.89. The Republic of Serbia was invited to participate as a full member in thematic groups for the **Open Method of Coordination in the area of education**. In April 2014, the Ministry of Education, Science and Technological Development appointed representatives for six thematic groups.
- 5.2.90. **The Republic of Serbia continues to participate in the TEMPUS programme**. From the first invitation in 2008 until the sixth invitation in 2013, a total of 432 projects were presented. The institutions of the Republic of Serbia were signed as coordinators of proposed projects on 152 projects.⁶¹⁰
- 5.2.91. The Republic of Serbia is involved in the **Lifelong Learning Programme**.⁶¹¹ Until it becomes a standing member of the Programme, Serbia has the right to use centralized programmes managed by the European Commission.
- 5.2.92. The Republic of Serbia is taking part in a European Union programme entitled **Horizon 2020**⁶¹² for development of research and innovation in education. As of this year, it will also take part in the **Erasmus +**⁶¹³ programme of cooperation in the area of education.⁶¹⁴

CONCLUSIONS

- 5.2.93. The situation with respect to human capital and skills in the Republic of Serbia does not correspond to social and economic needs. The lack of key competencies and adequate qualifications hampers employability. The low quality of education results in the inadequate development level of key competencies among youth, insufficient inclusiveness of formal education, wide regional disparities in the level of education, a high percentage of adults who have completed only primary education and a low percentage of adults involved in any form of education or training.
- 5.2.94. The European Commission 2013 Progress Report on Serbia **notes significant progress as well as areas where more effort must be invested**. Progress was made in achieving greater social inclusion in the education system and introducing quality assurance standards in primary education, but problems remain in the implementation of higher education reform. Reforms in the

⁶⁰⁸ Activities within the framework of this programme include a five-level dynamic model implemented through extracurricular activities advising pupils on choice of profession and active career planning.

⁶⁰⁹ <http://www.bos.rs/cgcc/>

⁶¹⁰ http://eacea.ec.europa.eu/tempus/results_compedia/documents/statistics-selection-sixth-call-2013-website.pdf

⁶¹¹ Lifelong Learning Programme – Memorandum signed between the Government of Serbia and the European Commission in December 2011.

⁶¹² <http://ec.europa.eu/programmes/horizon2020/en>

⁶¹³ http://ec.europa.eu/programmes/erasmus-plus/index_en.htm

⁶¹⁴ Erasmus+ brings together seven programmes: Tempus, Erasmus Mundus, the Lifelong Learning Programme, Youth in Action, Alpha, Edu Link and the Programme for Cooperation with Developed Countries. It aims to influence the development of skills, employability and the modernization of education. The programme will be implemented over a seven-year period with a budget of EUR 14.7 billion. In university education it will include several key activities: education mobility of individuals (including joint master diplomas aimed at promotion of the mobility of students and employees), cooperation for innovation and exchanges of best practices, support to policy reforms through a network of experts in higher education, international alumni associations and Jean Monet activities.

sector of secondary vocational education need to be accelerated with a view to improving its effectiveness and adjusting it to labour market requirements.⁶¹⁵

- 5.2.95. The Strategy for the Development of Education in Serbia until 2020 was adopted in 2012, but the action plan for the achievement of its goals has not been adopted to date. The achievement of goals and implementation of measures will be hindered by the absence of an adequate implementation monitoring system, improved education statistics and the establishment of an Education Management Information System.
- 5.2.96. Devolution of authority among central, provincial and local government differs depending on the level of education. Appropriate coordination and synergy in their work are missing: local governments have significantly higher authorities in preschool education, while the central government is not included sufficiently; at the level of primary and secondary education, the central government has considerably higher authority, with the insufficient involvement of local government, and negligible school autonomy; higher education has a higher degree of autonomy within universities, but this autonomy has not been adequately regulated.
- 5.2.97. Public institutions dominate pre-university education levels, while a wide network of private education service providers have developed at the level of tertiary education. Managing the educational system is mostly administrative, and the system for quality assurance is incomplete and insufficiently functional. **The amount of funds allocated for education from either the national and local level is impossible to ascertain.** In particular, it is difficult to ascertain the funds earmarked for supporting the education of different vulnerable groups because these earmarks are part of the total budget for education and social protection. In addition, there is no assessment of the costs borne by the parents of pupils (textbooks, stationery, field trips, excursions, etc.), which further increase for tertiary education students. To facilitate an increase in the total allocations for education and a reallocation of funds within education levels for development programmes, and/or facilitate an increase of the allocations for higher education, the schools network in primary education must be optimised, whereas in secondary education the ratio of students in vocational secondary schools to those in grammar schools should be changed in line with the goals and strategic choices defined in the Strategy for the Development of Education in Serbia until 2020.
- 5.2.98. **The educational system is mainly understood as formal education⁶¹⁶,** while the importance of lifelong learning is not recognised and a developed system for the recognition of non-formal and informal learning does not exist. The importance of civil society organisations in the implementation of programmes relevant to lifelong learning is insufficiently recognised. **Education at all levels continues to be directed at transferring academic knowledge,** resulting in the insufficient development of the key competencies of youth who have recently completed their schooling, even though their active participation in society and the labour market depends on these competencies. Moreover, the education system faces a negative demographic trend, resulting in a continuous drop in the number of pupils (at a rate of about 2% per year), while the country also faces population outflow and internal migration. In contrast to the

⁶¹⁵ European Commission (2013.): 2013 Serbia Progress Report, available at:

http://www.seio.gov.rs/upload/documents/eu_dokumenta/godisnji_izvestaji_ek_o_napretku/izvestaj_ek_2013.pdf

⁶¹⁶ Formal education consists of preschool education (ISCED 0), which is not mandatory (except the Preschool Preparatory Programme in the year preceding enrolment in primary education); mandatory primary education (ISCED 1 and 2); different programmes of secondary education (ISCED 3) and university education (ISCED 5, 6 and 7, EQF 6, 7 and 8). All education after secondary school, which is not university education (ISCED 4), has not been developed sufficiently.

decreasing number of pupils, the number of teachers employed is increasing and the educational system is becoming even less efficient.⁶¹⁷

- 5.2.99. **The education system capacities to respond to the educational needs of various vulnerable groups are insufficient.** Amendments to the Rulebook on Additional Educational, Social and Health Support to Children and Students have not been adopted, and the Joint Body is not operating on an ongoing basis. It has held only one meeting since December 2012, which significantly hinders the operation of local inter-sectoral committees. The system of affirmative measures⁶¹⁸ for the enrolment of pupils from vulnerable families is insufficiently developed. Pupils are enrolled in secondary schools and higher levels of education exclusively on the basis of earlier achieved results and the scores of final or entrance examinations. At the same time, achievement is the key criterion for disbursing financial assistance to pupils and students (loans and scholarships). There is room for improvement of the design and implementation of affirmative measures.
- 5.2.100. **There are no special legislative provisions which govern the education of poor pupils,** although data show that poor pupils have lower school enrolment, attendance and completion rates, have more difficulties in the progression through the system and have lower education achievements. There is no joint action or horizontal or vertical coordination in defining measures for and support to poor students.
- 5.2.101. Reform initiatives in formal pre-university education launched since 2000 have been strategically inconsistent and partial, mainly implemented through projects or pilot-programmes, with the absence of systematic monitoring and assessment of results and impact. The culture of informed policy making is inadequate and the long-planned IT system in education is not yet functional, making the monitoring and planning processes more difficult. The data of the Ministry of Education, Science and Technological Development and the Statistical Office of the Republic of Serbia differ, and there is no accurate data on children from certain vulnerable groups in the education system. The majority of indicators are not comparable to European ones. The capacities of the educational system, institutions and partners for the efficient use of data and analytical practice in decision-making processes are underdeveloped.
- 5.2.102. The decreasing number of pupils in primary and secondary schools has not been accompanied by the adequate optimisation of the school network. When this problem was recognised after a long delay, and when the legal prerequisites were in place, the implementation of the relevant regulation was missing.
- 5.2.103. **There is no defined mechanism for identifying and preventing early school leaving and dropout.** The Ministry of Education, Science and Technological Development launched a number of interventions; however, they should be elaborated further, their implementation and efficiency should be monitored and their mainstreaming into the system should be considered.

LINES OF ACTION

- 5.2.104. The educational level and competencies of the population represent one of the key factors of economic development in the Republic of Serbia, as also recognized by the Strategy for the Development of Education in Serbia until 2020, and in line with the Europe 2020 strategy. In order for education to represent the vital backbone of the overall development of society, actions

⁶¹⁷ In the last decade, the number of primary schools has decreased by 2.4% , and the number of classes has been reduced by 9%. Primary schools employed 43,731 teachers in 2002, and 52,675 teachers in 2011. Source: Statistical Office of the Republic of Serbia

⁶¹⁸ Affirmative measures apply to Roma pupils and students and to persons with disabilities.

should be directed at raising the coverage, quality, equity and efficiency of the educational system.⁶¹⁹

- 5.2.105. The establishment of an Education Management Information System is a prerequisite for enhanced planning processes and the implementation of interventions in education, as well as for monitoring the achievement of objectives defined in the Strategy for the Development of Education in Serbia until 2020. Setting up the information system and improving the processes of data collection and reporting are the foundation of evidence-based planning and the strengthening of analytical practice and capacities of all relevant stakeholders. However, the existence of the information system per se does not suffice to change the process of developing policies and interventions in the domain of education or to establish the practice of the informed creation of education policies. Also, capacities for decision-making based on reliable and valid data and evidence should be built gradually in various institutions involved in education policy making, from the national to the school level.
- 5.2.106. **Permanent efforts are required to strengthen inclusive practices in schools** by raising awareness of the importance of inclusive education for society, increasing the competencies of employees and creating an inclusive environment, as well as advancing financial resources for the quality implementation of inclusive practices (assistive technologies, teaching materials, adapted textbooks, adapted physical environments, personal assistants and teaching assistants, and the like). Adequate support systems for the operation of inter-sector committees need to be established and implementation of these systems based on their recommendations enhanced. It is important to improve the initial education of teachers for inclusive education, recruit enough teaching assistants and strengthen inter-sector cooperation at the local and national levels (and ensure the continuity and efficiency of the Joint Body). It is also necessary to define minimum technical requirements related to the format and accessibility of adapted and electronic textbooks, through amendments to the Rulebook on Publishing Low-circulation textbooks, and to motivate publishers to develop them. The catalogue of textbooks and other teaching aids adapted to the needs of persons with disabilities should be made public. A functional system for monitoring the implementation of inclusive education should be put into place, as a basis for adequate planning and continued improvement. In addition, a clear legal framework for the functioning and long-term sustainability of regional centres for assistive technologies needs to be formulated.
- 5.2.107. It is necessary to establish a system and implement measures of support for deprived pupils and families (e.g. at the level of schools – improve remedial classes and extracurricular activities; at the level of local governments – define criteria and measures of support to deprived pupils, work with parents), as well as continue reducing the number of Roma children in special schools.
- 5.2.108. In order to prevent children from dropping out of the educational system, mechanisms for early identification of children at risk of dropping out need to be defined and different measures of support to children and families towards entering and remaining in the education system should be created and implemented. It is also necessary to improve the system for data collection and

⁶¹⁹ The key indicators defined in the Strategy for the Development of Education in Serbia set out that by 2020: all children aged 4 to 5.5 may attend half-day education programmes free of charge, and that all children aged 5.5 to 6.5 are to be included in half-day or full-day preschool programmes; a minimum 98% of all children enrol in primary education, with a maximum dropout rate of 5%, so that 93% of a generation acquires primary education; a minimum 95% with completed primary education enrolls in secondary schools, 39% of a generation enrolling in four-year vocational schools, 39% of a generation enrolling in general secondary and art schools and 10% into other secondary vocational schools; a minimum of 95% of all pupils enrolled in four-year schools completes that level of education, so that 74% of the generation acquires a four-year secondary education; a minimum 50% of a generation enrolls in university education; 70% of enrolled students graduate from faculties with a maximum one-year delay; approximately 50% of bachelor-level graduates enrol into master studies; a minimum 10% with masters degrees enrol into doctoral studies; and a minimum 10% in PhD studies implemented together with a foreign university.

monitoring, to create a national plan and adequate measures for dropout prevention and to enhance horizontal and vertical inter-sector cooperation and coordination.

- 5.2.109. One of the primary objectives valid at all levels of education is to improve the quality of educational processes and outcomes – from preschool education to doctoral studies or adult education and lifelong learning. The preconditions for upgrading quality include: focusing the education system on developing the key competencies of pupils, increasing the quality of curricula contributing to the development and quality of learning outcomes and raising the quality of the work of teaching staff so that they are capable of providing the support needed for pupils to develop key competencies and attain better standards. The teacher education system should be improved so as to ensure their competence in terms of both academic discipline and psychological, pedagogic and methodological competencies. It is important to establish and continue developing the initial education of teaching staff and the system for their permanent professional advancement as well as a system for monitoring impact.
- 5.2.110. Further efforts are required to remove discriminatory contents from certain textbooks and develop adequate professional development programmes in the areas of children's and human rights, anti-discrimination, gender equality and non-violence in accordance with the recommendations of the Commissioner for the Protection of Equality⁶²⁰ and the strategic goals and measures defined in the Anti-discrimination Strategy.⁶²¹
- 5.2.111. The share of public funding for education should be increased from the current 5.27% to 6.0% of the gross domestic product⁶²², and the efficiency of the present system of allocation and spending of the available funds should be enhanced. It is enormously important that the macro-level perspective be followed-up by analyses of the allocation of funds available at macro level. Further, there is an imminent need to change the funding model at all education levels in the coming period, in order to bring about an improvement in efficiency, effectiveness and equity by enhanced education system management and targeted measures.
- 5.2.112. Measures resulting in increased efficiency of the education system by optimisation of the network of educational institutions, decreasing the number of classes, introducing a more efficient system of financing and upgrading leadership skills of the school principals should be implemented. A flexible network of educational institutions that will adapt faster to demographic changes and beneficiary needs must be established. However, when implementing these changes, mechanisms should be ensured to prevent an increase in the already wide regional and social disparities in education equity and quality as a result of increased economic efficiency of the education system.
- 5.2.113. Coverage and equity within the system of preschool education should be expanded; recommendations implemented and target values set out in the Strategy for the Development of Education in Serbia until 2020 achieved – notably, full coverage of children by the mandatory Preparatory Preschool Programme, free preschool programme lasting four hours per day in the year preceding enrolment in school for all children, increased coverage of younger children with a special emphasis on enhanced inclusion of vulnerable groups and the development of additional capacities and diversified programmes for children and families. Capacities of local governments should be built for planning and optimising the network of preschools and for more efficient financing, and cooperation with the private sector should be developed.

⁶²⁰ Recommendation of the Commissioner for the Protection of Equality to the Ministry of Education and Science, National Education Council and Institute for the Improvement of Education No 649/11 dated June 10, 2011.

⁶²¹ Anti-discrimination Strategy, Official Gazette of RS, No 60/13.

⁶²² Strategy for the Development of Education in Serbia until 2020.

- 5.2.114. Efforts should be maintained to increase the educational level of the Roma population and ensure full inclusion of Roma children in the education system; new and advance existing support mechanisms (teaching assistants) should be established; efficient coordination between different sectors at the local and national levels should be established (above all, through establishing cooperation with the social welfare and health care sectors). A system for monitoring and reporting on the Roma education level and quality should be developed.
- 5.2.115. Work on the social dimension of the Bologna Process and the measures of support to socially excluded groups (the poor, those from rural areas, students with disabilities, Roma, etc.) at the level of university education should be improved.
- 5.2.116. Secondary education should be reformed by: introducing mandatory secondary education, reducing dropout of children from secondary schools, reforming secondary vocational education, linking it with labour market requirements and continuously establishing and improving the work of sector councils, as well as reforming grammar school education. Invest additional efforts into increasing the number of secondary school pupils continuing and completing education at universities in the projected timeframe. The youth vocational guidance, career counselling and guidance system should be developed further.
- 5.2.117. A functional system for recognising informal and non-formal learning should be established, in line with the Law on the Foundations of the Education System and the Law on Adult Education. The participation of the Republic of Serbia in the Programme for the International Assessment of Adult Competencies⁶²³ should be ensured in order that the fit-for-work population of the Republic of Serbia could become more competent in the global labour market. In order to promote lifelong learning, future actions should be directed at increasing the coverage of adults by adult education and lifelong learning programmes. A functional National Qualifications Framework should be established to integrate all levels of education and develop it in close cooperation with the National Employment Service and other relevant stakeholders.
- 5.2.118. It is necessary to facilitate more flexible forms of studying and short-cycle studies, especially for the employed, in accordance with the Strategy for the Development of Education in Serbia until 2020.
- 5.2.119. Continued participation of the representatives of the Republic of Serbia should be ensured in various European programmes: Open Method of Coordination, Erasmus+, Horizon 2020, Lifelong Learning Programme, and continued efforts should be invested in building institutional capacities to maximise the benefits of these programmes.

⁶²³ PIAAC - <http://www.oecd.org/site/piaac/>

5.3. Social Welfare and Child Protection

LEGAL AND STRATEGIC FRAMEWORK IN THE REPUBLIC OF SERBIA

- 5.3.1. The legal framework in the sphere of social and child protection comprises the Social Protection Law⁶²⁴, the Law on Financial Support to Families with Children⁶²⁵ and the Family Law.⁶²⁶
- 5.3.2. **The Social Protection Law was passed in 2011.** It regulates the entitlement to means-tested cash benefits (financial social assistance, one-off assistance), benefits for persons with disabilities (attendance allowance), social care services, institutions and service providers, quality control mechanism and competencies for the establishment and funding of institutions. The principal goals of legislative changes are improving the coverage of the poor, improving the adequacy of cash benefits, developing integrated social protection and providing the prerequisites for the introduction of non-institutional community-based services.
- 5.3.3. The new legal solutions in the domain of means-tested cash benefits ensure that differences in household size and age structure are taken into account and provide for increasing assistance amounts for larger households and activation of recipients. With regard to services, new solutions have been introduced in particular in the institutional and regulatory spheres. The Law redefines the control and regulatory mechanisms (inspection and oversight), provides the prerequisites for the establishment of a system based on plurality of service providers, as well as the prerequisites for improving the quality of professionals' work through a standardization of services, licensing of service providers and introduction of a social protection chamber. For the first time, the Law foresees the establishment of integrated social and health care organisational units and institutions for beneficiaries in need of both social care and constant health care or monitoring.
- 5.3.4. Further, the Law precisely defines the funding obligations and competencies of the national, province and local government levels. The mandate of the national level includes cash entitlements (except one-off cash assistance) and residential and foster care services. Centres for social work, specifically their activities relating to the exercise of public powers, and other institutions founded by the state are also funded from the national budget. The mandate of the local level includes most community-based services, one-off assistance, the provision of facilities for centres for social work and the recruitment of additional professionals to attend to the entitlements and services funded by municipalities and cities. With a view to providing additional funds for the introduction and development of non-institutional services, earmarked transfers from the national budget are foreseen.
- 5.3.5. **In addition to the Law, many by-laws – decrees and rulebooks have been adopted in the past years;** these include, for instance, the rulebooks on licensing service providers, licensing professionals, minimum standards for social service provision and the like. However, the adoption of certain very important by-laws is still pending: the by-laws on earmarked transfers, activation of social assistance recipients, and social and health care units and institutions have not been adopted yet.
- 5.3.6. The Law on Financial Support to Families with Children was adopted, in its basic form, in 2002. The Law primarily defines cash benefits aimed at protecting poor families with children (child allowance) and benefits aimed at the reconciliation of work and parenthood, as well as support to childbearing (birth-related leave and birth grant).

⁶²⁴ Official Gazette of RS, No 24/11.

⁶²⁵ Official Gazette of RS, Nos 16/02, 115/05 and 107/09.

⁶²⁶ Official Gazette of RS, Nos 18/05 and 72/11.

- 5.3.7. The Family Law was adopted in 2005, with minor amendments in 2011. The law regulates marriage and relations in marriage and extramarital community, the relations between the child and parents, adoption, foster care, guardianship, maintenance, family property relations, protection against domestic violence etc.
- 5.3.8. Among other laws and by-laws, the **Draft Law on the Use of Sign Language** has been prepared, and a number of rulebooks are about to be adopted, including, most importantly, the **Rulebook on Foster Care**. The **Special Protocol on the Response of Centres for Social Work – Guardianship Authorities to Domestic Violence and Partner Violence against Women** was adopted in early 2013. The relevant legal amendments were passed⁶²⁷, whereby the procedure for obtaining personal identity documents was simplified and the problem of legally invisible persons reduced, thus facilitating their access to the social protection system.
- 5.3.9. The strategic work streams in the social welfare sector are defined in the **Social Protection Development Strategy**⁶²⁸, which was adopted in 2005 and has not been revised since. Some strategic goals are contained in the National Ageing Strategy 2006–2015, Strategy for Advancing the Status of the Roma in the Republic of Serbia⁶²⁹ (2009–2015), Strategy for Improving the Position of Persons with Disabilities in the Republic of Serbia⁶³⁰ (2007–2015), Anti-discrimination Strategy⁶³¹ (2013–2018), National Strategy for Preventing and Combating Violence against Women in Family and in Intimate Partner Relationships⁶³² (2011), Birth Incentive Strategy⁶³³ (2007), Strategy against Human Trafficking in the Republic of Serbia⁶³⁴ (2006) and Strategy for Reintegration of Returnees under the Readmission Agreement⁶³⁵ (2009). Almost all cities and municipalities have adopted local strategies and action plans in the area of social welfare and child protection.

STATE OF AFFAIRS IN THE AREA

- 5.3.10. Means-tested cash benefits include financial social assistance (FSA) and child allowance.
- 5.3.11. Financial social assistance is a guaranteed-minimum-income-type benefit. Assistance amounts top up the household income to the legally defined income level, differ by household size and age structure, and are indexed by price index twice per year. Households without members able to work and single-parent families are entitled to augmented financial social assistance, 20% higher than the basic amount. Assistance amounts are not increased for families of more than six members, and households with a majority of members able to work are eligible for up to nine months in a calendar year.
- 5.3.12. Unlike many European Union Member States, in the Republic of Serbia assistance amounts are not tied to a national living standard threshold, and weights assigned to children are low (30% of the amount granted for the first adult in a household). In comparative terms, the main difference in the design of the scheme lies in the activation of recipients, which is present in most countries, while in the Republic of Serbia it was introduced only in 2011 and has yet to be implemented.

⁶²⁷ Law on Permanent and Temporary Residence of Citizens (Official Gazette of RS, No 87/11) and Law Amending the Law on Non-contentious Proceedings (Official Gazette of RS, No 45/13).

⁶²⁸ Official Gazette of RS, No 108/05.

⁶²⁹ Official Gazette of RS, No 27/09.

⁶³⁰ Official Gazette of RS, No 01/07.

⁶³¹ Official Gazette of RS, No 60/13.

⁶³² Official Gazette of RS, No 27/11.

⁶³³ Official Gazette of RS, No 13/08.

⁶³⁴ Official Gazette of RS, No 111/06.

⁶³⁵ Official Gazette of RS, No 15/09.

5.3.13. Financial social assistance is within the mandate of the Republic of Serbia, is funded from the national budget and administered by centres for social work. **In 2013, financial social assistance was received by more than 100 hundred thousand households** (4.2% of all households), with almost 260 thousand adults and children (3.6% of the total population), which represents an increase by approximately 50% compared to the period before the legislative changes of 2011. During a year, the number of recipients varies as a result of three-month interruptions for households with a majority of members able to work.

Table 5.3.13. Number of recipients and annual expenditures on financial social assistance (RSD million and % of the GDP) 2010–2013

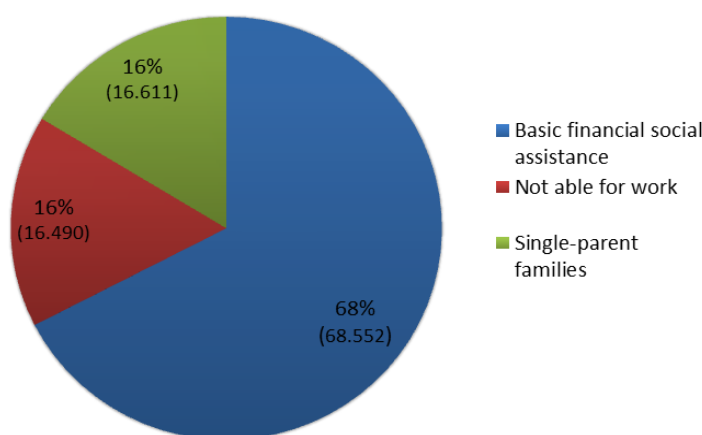
Year	No of recipients – annual average		Annual expenditures	
	Households	Individuals	RSD million	Share of GDP
2010	65,816	167,914	5147.8	0.18
2011	73,629	186,228	8069.5	0.25
2012	87,330	223,685	10270.5	0.30
2013	101,656	258,807	12801.4	0.34

Note: In 2010 and the first months of 2011, the benefit was called “family income support” and was awarded under the Law on Social Protection and Provision of Social Security of Citizens.

Source: Ministry of Labour, Employment, Veterans and Social Affairs

5.3.14. Among the households receiving financial social assistance, most – about two thirds – are entitled to the basic amount, while among those entitled to the augmented amount, the number of households without members able to work is approximately equal to the number of single-parent families. Almost half of all recipients are families with children.

Chart 5.3.14. Breakdown and number of recipient households by amount of assistance in 2013 (%)



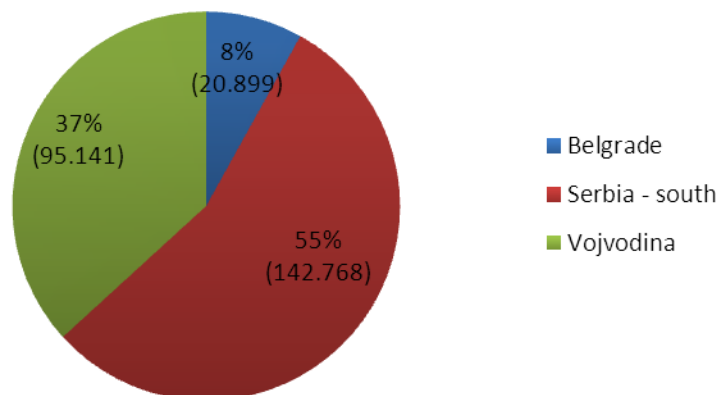
Source: Ministry of Labour, Employment, Veterans and Social Affairs

5.3.15. An analysis of the breakdown of recipients by age reveals a disproportionately high share of children (36.8%, compared to 17.6% in the total population), and a disproportionately low share of those over 65 years of age (4.6%, compared to 17.4%). This is certainly a result of the higher child poverty in Serbia, as well as of other barriers that hamper the elderly population's access to assistance (in particular the land ownership ceiling and insufficient information about the

benefit).⁶³⁶ The gender structure of financial social assistance recipients is balanced and consistent with the overall population structure.

- 5.3.16. In line with the data on poverty, the vulnerable groups protection rate is the lowest in Belgrade (1.3% of the population in the region receive financial social assistance). The Autonomous Province of Vojvodina has the highest rate (4.9%), albeit not significantly higher than in Southern Serbia 4.0%. Of the total number of recipients, 55% live in the territory of the Republic of Serbia – South, 37% lives in AP of Vojvodina and 8% in Belgrade.

Chart 5.3.16. Structure and number of financial social assistance recipients by major territorial units in 2013



Source: Ministry of Labour, Employment, Veteran and Social Affairs

- 5.3.17. Assuming that all recipients are indeed poor, the coverage of the population at risk of poverty by financial social assistance would be only 15%. Earlier research shows that the coverage of the consumption poor is also very low.⁶³⁷ This is certainly a result of the low income ceiling and land ownership ceiling, as well as of a combination of many requirements that inevitably lead to a small number of those who meet all requirements simultaneously. Further reasons include, in particular, the inadequate information about the program, complicated administrative procedures and the like.⁶³⁸ At the local government level, there are large discrepancies in coverage, which cannot be explained by development differences alone.⁶³⁹
- 5.3.18. According to the data for 2013, on average, the basic financial social assistance amounted to approximately RSD 7,500 (144 PPS⁶⁴⁰), while the augmented amount was almost RSD 9,000 (173 PPS). For an individual or the first adult in a household, the maximum assistance amount is equal to the abovementioned basic amount, each additional adult member is awarded 50% of the basic amount, and each child – 30%. Compared to the period before the legal changes of 2011, the financial social assistance amounts were increased for multi-member households and households without members able to work.

⁶³⁶ Satorić, N. et al. (2013): *Analiza primene Zakona o socijalnoj zaštiti u delu novčanih socijalnih pomoći i cost-benefit analiza servisa pomoć u kući za stara lica*, Udruženje građana „Snaga prijateljstva” – Amity, Belgrade. Research has verified that one of the main reasons why the lowest-income citizens do not apply for financial social assistance is unawareness of the scheme, as well as the fact that the low-educated and those over 50 years of age account for a large proportion of this group. (Matković, G. & Petrović, M. (2012). „Life under the line: Determinants of low take up of FSA in Serbia”, Belgrade, p. 16)

⁶³⁷ World Bank (2006) Serbia Social Assistance and Child Protection Note. Washington, DC; World Bank. (2011) Social safety nets in the Western Balkans: design, implementation, and performance. Washington, DC.

⁶³⁸ Matković, G. & Petrović, M. (2012). Life under the line: Determinants of low take up of FSA in Serbia, Belgrade.

⁶³⁹ Matković, G., Mijatović, B., Stanić, K. (2013), *Novčana davanja za decu i porodice sa decom u Srbiji – analiza i preporuke*, Centar za liberalno-demokratske studije, Centar za socijalnu politiku i UNICEF, p. 150.

⁶⁴⁰ PPS based on the 2012 AIC (actual individual consumption) converter.

- 5.3.19. Depending on household size and characteristics, monthly transfer amounts should be 33–45% higher to reach the at-risk-of-poverty threshold. A European Union context indicator showing the net income of social assistance recipients as a % of the at-risk of poverty threshold for 3 jobless household types, is under preparation. In the Republic of Serbia, this indicator stood at 0.66% in 2012 for all three household types receiving augmented financial social assistance and 0.54% for those receiving the basic amount (Table 5.3.20).
- 5.3.20. Benefit adequacy is also unsatisfactory when assistance amounts are assessed from the aspect of the ability to meet the basic needs, i.e. being lifted out of absolute consumption poverty. Indeed, as shown in Table 5.3.20, the at-risk-of-poverty threshold and the absolute poverty threshold differ very little for families, owing to higher equivalence scales applied for absolute poverty calculation in the Republic of Serbia.⁶⁴¹

Table 5.3.20. Monthly financial social assistance amounts for typical households, absolute poverty threshold in 2013 and at-risk-of-poverty rate in 2012 (RSD)

	Basic amount	Augmented amount	Absolute poverty threshold	At-risk-of-poverty threshold
Individual	7,490	8,988	11,020	13,680
Single-parent family with two children	-	14,381	22,040	21,888
Family with two children	15,729	18,875	29,754	28,728

Source: Calculation for the needs of this Report (based on the data obtained from the Ministry of Labour, Employment, Veteran and Social Affairs, the Republic Statistical Office and the Social Inclusion and Poverty Reduction Unit)

- 5.3.21. If financial social assistance adequacy is assessed from the aspect of (dis)incentivising work, at the monthly level, the ratio of the transfer amount to the minimum wage stands at 37% for an individual able to work, and between 72% and 79% for a family with two children. Only families with four children receive financial social assistance amounting to the minimum monthly wage.
- 5.3.22. In addition, it should be noted that annual assistance amounts are less adequate for households with a majority of members able to work, given that they are eligible for only nine months in a calendar year.
- 5.3.23. On the other hand, the assistance amount for an individual unable to work has reached almost 90% of farmers' pension, which constitutes a logical limit for further increase of financial social assistance. Owing to the decelerated pension growth, this difference may be expected to be further decreased in the forthcoming period.
- 5.3.24. In comparative terms, assistance amounts are low in the Republic of Serbia. Irrespective of household type, in 2012, assistance amounts (in PPS) were lower only in Bulgaria and Romania.⁶⁴²
- 5.3.25. Expenditures on financial social assistance reached RSD 12.8 billion (0.34% of the gross domestic product) in 2013. Compared to the long-standing trend before the legislative changes in 2011, the expenditures on financial social assistance as a share of GDP is almost doubled. According to the most recent Eurostat data available, the average ratio of these benefits to the gross domestic product in the European Union stood at 0.3% in 2011.

⁶⁴¹ In the calculation of absolute consumption poverty, the OECD equivalence scale is used in Serbia; according to this scale, additional adults and older children are assigned the weight of 0.7, and children up to 14 years of age – the weight of 0.5. In the calculation of the at-risk-of-poverty threshold by income, the corresponding weights are lower, at 0.5 and 0.3 respectively.

⁶⁴² Matković, G. & Mijatović, B. (2012). *Program dečijih dodataka u Srbiji: Analiza i predlozi za unapređenje*. Belgrade: Centar za liberalno-demokratske studije.

Table 5.3.25. Number of recipients and annual expenditures on financial social assistance (RSD million and % of the GDP) 2010–2013

Year	No of recipients – annual average		Annual expenditures	
	Households	Individuals	RSD million	Share of GDP
2010	65,816	167,914	5,147.8	0.18
2011	73,629	186,228	8,069.5	0.25
2012	87,330	223,685	10,270.5	0.30
2013	101,656	258,807	12,801.4	0.34

Note: In 2010 and the first months of 2011, the benefit was called “family income support” and was awarded under the Law on Social Protection and Provision of Social Security of Citizens.

Source: Calculation for the needs of this Report (based on the data obtained from the Ministry of Labour, Employment, Veteran and Social Affairs)

- 5.3.26. More recent data on the vertical target efficiency of transfers are not available, but all earlier research shows that social assistance funds were disbursed to the more affluent population in Serbia only to a very low extent.⁶⁴³
- 5.3.27. Precise data on additional cash assistance and in-kind benefits provided to financial social assistance recipients at the local level are not available. Several local government peer review meetings⁶⁴⁴ on social benefits gave indications that a significant number of municipalities and cities automatically provided cash assistance to financial social assistance recipients during the three-month interruption of the provision from the national level, as well as in-kind assistance (free textbooks, free transportation to school, clothing and footwear, meals in school canteens or soup kitchens, etc.). A number of local governments also provided subsidies for utility bills or free heating fuel.
- 5.3.28. As a form of material support, on an ongoing basis, the City of Belgrade awards cash assistance to households without members able to work which receive national financial social assistance; it amounts to 10% of the financial social assistance amount and is intended to reflect higher costs of living in the capital city. Children recipients of financial social assistance are awarded scholarships during secondary and higher education, and basic and secondary school students' costs of transportation to school are also covered. Together with certain other disadvantaged groups, financial social assistance recipients are entitled to free meals and subsidies for utility bills. Until April 2014, children recipients of financial social assistance were occasionally awarded one-off assistance for school trips, summer holidays, textbooks and school supplies.⁶⁴⁵
- 5.3.29. Child allowance is also means-tested and its amount is equal for all children, with the exception of children with disabilities and children in single-parent, foster and guardian families, who receive the augmented amount (30% higher). The child allowance income ceiling is higher than that for financial social assistance (approximately RSD 7,800 or 150 PPS per household member); for augmented child allowance, the income ceiling is 20% higher. Child allowance is not awarded to children beyond the fourth in birth order, and for school-age children, it is conditional upon regular school attendance. Child allowance amounts and the income ceiling are uprated by the price index twice per year. The entitlement is funded from the national budget and administered by local government departments.

⁶⁴³ World Bank (2006) Serbia Social Assistance and Child Protection Note. Washington, DC; World Bank. (2011) Social safety nets in the Western Balkans: design, implementation, and performance. Washington, DC.

⁶⁴⁴ More information about the programme is available on the website of the Social Inclusion and Poverty Reduction Unit: http://www.inkluzija.gov.rs/?page_id=8045

⁶⁴⁵ Official Journal of the City of Belgrade Nos 55/2011 and 37/2014.

- 5.3.30. In three quarters of European Union Member States, child allowance is a universal entitlement, or the universal component is accompanied by a means-tested one. Further, in most countries, allowance amounts are differentiated either by age or by the number of children or birth order; however, no pattern can be identified in these differentiations and highlighted as a best practice. Amongst other things, differences depend on other solutions in the social sector.⁶⁴⁶
- 5.3.31. Child allowance is received by approximately 387 thousand children (over 30% of all children), of whom over 74 thousand receive the augmented amount, under more favourable terms. The number of recipients did not change significantly during the observed period.

Table 5.3.31. Number of child allowance recipients, monthly allowance amounts (RSD) and annual expenditures (RSD million and % of the GDP) 2011–2013

Year	No of recipients		Monthly amount	Expenditures	
	Children	Families		Total (RSD million)	Share of GDP
2011	380,846	201,595	2,167	10,398	0.32
2012	382,879	203,294	2,308	11,144	0.33
2013	387,257	206,099	2,522	12,337	0.33

Source: Ministry of Labour, Employment, Veterans and Social Affairs

- 5.3.32. According to the Household Budget Survey data, in 2012, 40% of the children from the poorest quintile by consumption received child allowance; hence, the coverage of the poor by this entitlement may be assessed as acceptable.
- 5.3.33. In 2013, on average, the basic child allowance amounted to slightly over RSD 2,500 (48 PPS), while the augmented allowance amounted to RSD 3,280 (63 PPS). As this benefit is aimed at poverty reduction, its adequacy could also be assessed against the poverty line or the at-risk-of-poverty-threshold. According to both criteria – absolute consumption poverty and risk of poverty, for children up to 14 years of age, child allowance stood at approximately one half of the amount sufficient to lift them out of (the risk of) poverty. For older children, the allowance amounted to only one third of the relevant amount.
- 5.3.34. In comparative terms, the absolute amount (in PPS) of child allowance is considerably lower than in the most developed countries, but is among the highest compared to the new European Union Member States.⁶⁴⁷
- 5.3.35. In 2013, the expenditures on child allowance totalled RSD 12.3 billion, or 0.33% of the gross domestic product, as in previous years. This ratio is considerably lower than in the European Union (1.1% of the gross domestic product in 2010), as expected, in view of universal entitlement in most countries and a different aim of this allowance (cost compensation versus life-cycle consumption smoothing).
- 5.3.36. Research shows that child allowance vertical efficiency (targeting) is somewhat lower than that of financial social assistance and that in recent years approximately 15% of the expenditures were disbursed to children from the top consumption quintiles.⁶⁴⁸
- 5.3.37. Cash benefits for children and adults with disabilities include attendance allowance and augmented attendance allowance. They target children and adults who are unable to independently perform activities of daily living as a result of illness or disability, regardless of

⁶⁴⁶ Matković, G. & Mijatović, B. (2012). *Program dečijih dodataka u Srbiji: Analiza i predlozi za unapređenje*. Belgrade: Centar za liberalno-demokratske studije and UNICEF.

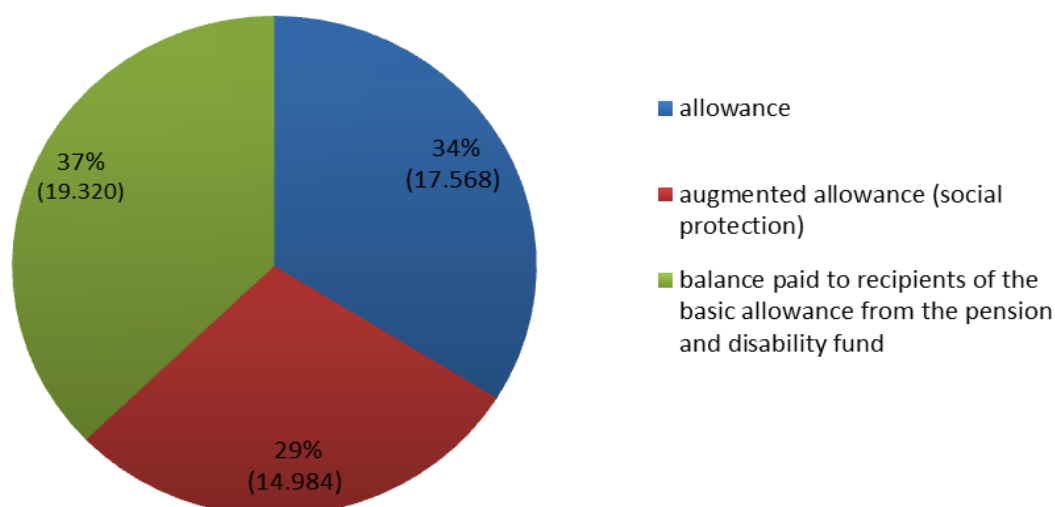
⁶⁴⁷ Ibid.

⁶⁴⁸ Matković, G., Mijatović, B., Stanić, K. (2013) *Novčana davanja za decu i porodice sa decom u Srbiji – analiza i preporuke*, Centar za liberalno-demokratske studije, Centar za socijalnu politiku i UNICEF, Belgrade.

their material status. Children and adults with the most severe disabilities receive augmented attendance allowances. Attendance allowance and augmented attendance allowance are within the central government mandate and are funded from the national budget. Under the law, their amounts are indexed by the consumer price index twice per year. Active insured persons or pension recipients are entitled to the same allowance within the pension and disability insurance system, while the top up to the augmented allowance is available within the social welfare system. The eligibility assessment procedure is conducted by expertise authorities under the Pension and Disability Insurance Fund.

- 5.3.38. The care and assistance system predominantly relies on cash benefits and allowances, and less on support services, which is the case in a number of other European countries (Germany, Austria). Compared to these systems, which are characterised by the existence of multiple, differentiated benefit amounts, only two amounts exist in Serbia (attendance allowance and augmented attendance allowance); however, the main difference compared to more developed countries is the application of medical instead of functional criteria in eligibility assessment.
- 5.3.39. Within the social welfare system, over 18 thousand individuals receive attendance allowances, and approximately 33.6 thousand receive augmented attendance allowances. Augmented attendance allowances are granted to persons with the most severe disabilities. This group includes the recipients of the top up who receive the basic allowance within the pension and disability insurance system (over 19 thousand individuals). The number of recipients did not increase significantly during the observed period.

Chart 5.3.39. Attendance allowance and augmented attendance allowance recipients, December 2013



Source: Ministry of Labour, Employment, Veteran and Social Affairs

- 5.3.40. According to the 2011 Population Census, more than 88 thousand persons with disabilities⁶⁴⁹ declared to be unable to perform activities of daily living without another person's assistance or to be able to perform them with much difficulty (independence problems). Their coverage by cash

⁶⁴⁹ According to the Census, persons with disabilities include all individuals who declared to have much difficulty in or are fully precluded from daily functioning owing to problems with vision, hearing, walking, memory, concentration, independence in dressing/eating/personal hygiene or communication (at least one problem). Census Book No 8, p. 15.

entitlements within the social welfare system stands at approximately 60%, while the total coverage, including attendance allowance recipients within the pension and disability insurance system, would exceed 100%. These findings are a result of the difference between the medical criteria applied in eligibility assessment and the subjective declaration in the Census, as well as the fact that assistance and allowances may be needed by individuals with other difficulties as well (e.g. dementia).

- 5.3.41. The coverage of persons with disabilities is somewhat lower in the City of Belgrade, which may be attributed to lack of information, or higher involvement of physicians in smaller communities, who refer their patients to medical expertise.

Table 5.3.41. Number of attendance allowance and augmented attendance allowance recipients and proportion of the number of persons with disabilities, 2013

Area	Attendance allowance	Augmented attendance allowance	Total	No of persons with disabilities with independence problems
Belgrade	2,149	5,830	7,980	15,094
Serbia – south	10,306	17,796	28,101	48,448
Vojvodina	5,588	10,002	15,589	24,646
Serbia – total	18,043	33,627	51,670	88,188

Source: Ministry of Labour, Employment, Veterans and Social Affairs and 2011 Population Census (Book 8).

- 5.3.42. Among the recipients in the social welfare system, adults and the elderly had equal shares (40% each), as the elderly mainly receive the basic attendance allowance within the pension and disability insurance system. The proportion of children up to 18 years of age is 12.7%. A certain predominance of women (54%) is primarily attributed to their higher proportion in the elderly population.

- 5.3.43. In 2013, on average, the monthly allowance amounted to about RSD 9,400 (181 PPS), while the augmented allowance amounted to about RSD 25,400 (488 PPS). The augmented attendance allowance exceeded the net minimum wage by 27%. The total expenditures on both entitlements reached RSD 9.3 billion (0.25% of the gross domestic product).

Table 5.3.43. Number of recipients, monthly amounts and annual expenditures on attendance allowances within the social welfare system, 2011–2013

Year	No of recipients	Monthly amount (RSD)		Expenditures (RSD billion)
		Attendance allowance	Augmented attendance allowance	
2011	51,152	8,089	21,667	7.9
2012	51,803	8,628	23,273	8.4
2013	51,670	9,400	25,400	9.3

Source: Ministry of Labour, Employment, Veterans and Social Affairs

- 5.3.44. Under the Social Protection Law, with a view to supporting the deinstitutionalisation process, a special cash benefit has been introduced for parents who are not entitled to a pension and have personally cared for a child with the most severe disability for a minimum of 15 years. The special benefit is paid after reaching the retirement age, in the form of a life-long monthly benefit equal to the minimum pension (in 2013, approximately RSD 13 thousand or 252 PPS). This benefit is disbursed to fewer than 400 persons.

- 5.3.45. In the interest of care for newborns with severe disabilities, one parent may take paid special childcare leave, after the expiry of maternity leave and childcare leave, until the child turns the age of five.
- 5.3.46. Cash benefits aimed at the reconciliation of work with parenthood and support to parents in reaching the desired number of children comprise birth grant and maternity/childcare pay during maternity leave and childcare leave.
- 5.3.47. In late pregnancy and after childbirth, an employed woman is entitled to a three months' maternity leave, followed by childcare leave until the child is one year old. Childcare leave may be used by either parent. Maternity/childcare pay is equal during both leaves and amounts to the employee's average base monthly earnings (plus the "years of service" increment), i.e. the replacement rate is 100%. It is paid by the employer, but fully reimbursed from the national budget. For the third child and beyond, the leave is extended to two years.
- 5.3.48. In most European Union Member States, maternity/childcare pay is funded from health insurance or a special social insurance contribution and is less generous after the expiry of maternity leave, both in terms of the replacement rate and duration of the entitlement. Further, the Republic of Serbia is characterised by a "conservative" modality of exercising the right to leave, which does not recognise flexible forms, such as combining the benefits with part-time work, the possibility of a longer leave with lower pay and the like. The number of maternity/childcare pay recipients reached 36.7 thousand in 2013, and annual expenditures amounted to about RSD 24.5 billion or 0.65% of the gross domestic product. Compared to the European Union average, this is a high ratio, but not uncommon in former transition countries.
- 5.3.49. Birth grant is a cash benefit for the first four children born in a family. This is not a universal entitlement, it is subject to an assets test, but with a high assets ceiling (RSD 12 million). It is funded from the national budget and is the only benefit, whether cash or in-kind, that should yield direct population effects. Birth grant amount increases with the birth order and is paid in equal instalments over two years, except for the first child. Compared to European countries, the amounts are high, and the payment modality – in instalments – is uncommon. In 2013, the nominal birth grant amounts ranged from approximately RSD 36 thousand (690 PPS) for the first child to RSD 340 thousand (6,500 PPS) for the fourth.
- 5.3.50. In 2013, the annual number of birth grant recipients reached 60 thousand, and the expenditures totalled RSD 6.3 billion (0.17% of the gross domestic product). This ratio is higher than in any European Union Member State.⁶⁵⁰
- 5.3.51. Social care services in the Republic of Serbia comprise assessment and planning services, day-care community-based services, services for independent living, counselling/therapy services and social/educational services, as well as residential and foster care services. Part of the services is within the mandate of the central level (assessment and planning services, residential and foster care services), and partly within the mandate of local governments.
- 5.3.52. Beneficiaries are referred to social care services and entitlements by local centres for social work, which also discharge the role of guardianship authorities under the Family Law.⁶⁵¹
- 5.3.53. Almost two thousand professionals are employed in the total of 140 centres for social work throughout the territory of the Republic of Serbia (1 per 3,600 people). Approximately four fifths of the centres' staff are funded from the national budget, as they attend to the entitlements within

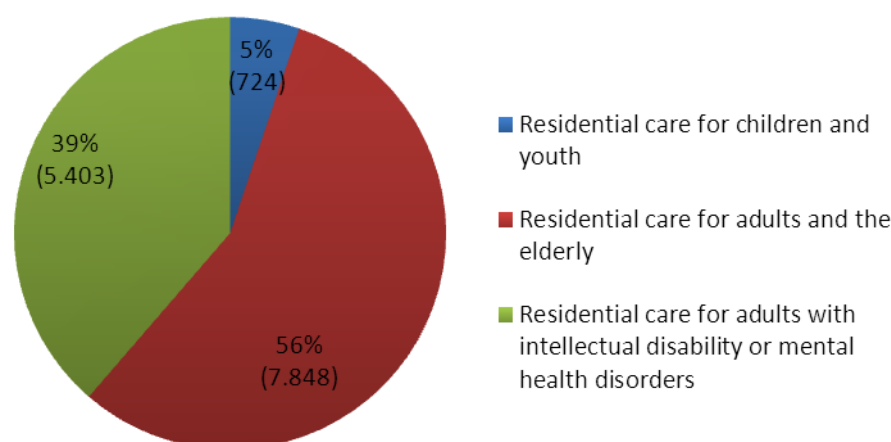
⁶⁵⁰ Additional differences in birth grant design in Serbia include the benefit amounts and payment modality. The idea of lump-sum payment is based on the belief that it has a stronger birth promotion impact, with a lower disincentive to work and employment.

⁶⁵¹ Official Gazette of RS, Nos 18/05 and 72/11.

the mandate of the central level. The expenditures on wages and operating costs of centres for social work exceeded RSD 2.74 billion (0.07% of the gross domestic product) in 2013.

- 5.3.54. According to the operational reports of centres for social work, the number of registered social care service beneficiaries totalled about 300 thousand (4% of the total population) in 2012. In view of the population structure by age, children and youth prevail among the clients.⁶⁵²
- 5.3.55. **Foster and residential care services** are among the most prevalent social care services; in 2013, the number of beneficiaries exceeded 20 thousand. The national budget expenditures on foster and residential care services exceeded RSD 5.7 billion (0.15% of the gross domestic product) in 2013.
- 5.3.56. The elderly prevail among residential care beneficiaries in the public sector (approximately 7.8 thousand), while the proportion and number of children continue to decrease. In the past decade, elderly residential care services have developed in the private sector as well, with the capacity of over 5,000 places in 186 homes in Belgrade and other parts of Central Serbia. Private homes do not have access to budget funding, but are subject to regulation and oversight by central and provincial authorities. The living conditions of adults with intellectual disabilities or mental health disorders (approximately 5,400 residents) are still unsatisfactory in most public institutions.⁶⁵³

Chart 5.3.56. Number and composition of residents of public social care institutions, by the type of institution, 2013



Source: Ministry of Labour, Employment, Veteran and Social Affairs

- 5.3.57. Over 90% of the children and youth without parental care who are beneficiaries of residential services in the Republic of Serbia - almost six thousand, are in kinship or non-kinship foster care in approximately 4,300 families. However, despite strong growth in this form of care, part of children with disabilities, in particular those with combined, more severe and more complex types of disabilities, are still in a significant number in residential care institutions (approximately 500 children or 54.6% of all children with disabilities in the care system) where conditions remain unsatisfactory, with a modest offer of rehabilitation and stimulation programmes.⁶⁵⁴ A number of

⁶⁵² Republic Institute for Social Protection (2013), Synthetic Report on the Operation of Centers for Social Work in Serbia 2012, Belgrade

⁶⁵³ Republic Institute for Social Protection (2013): Synthetic Report on the Operation of Social Care Institutions for Adults and the Elderly with Mental, Intellectual, Physical or Sensory Difficulties 2012, Belgrade

⁶⁵⁴ UNICEF (2014): *Situaciona analiza* (under preparation).

children are in large institutions with the least acceptable quality of care.⁶⁵⁵ Referring children with the most severe disabilities from the Kulina home to small care residences is assessed as a positive step with exceptional effects.⁶⁵⁶ The Social Protection Law of 2011 prohibits placing children under three years of age in residential care; towards the end of 2013, their number decreased to only 44. However, it is concerning that the total number of children removed from their biological families and into the care system is on the increase. Analyses show that, prior to removing the child, support was provided to the family over a longer period in only 15% of the cases, while no family strengthening measures were taken in 19% of the cases.⁶⁵⁷ Support to youth leaving residential and foster care is also inadequate.

- 5.3.58. **Collective housing for refugees and internally displaced persons is still provided in the Republic of Serbia.** According to the data of the Commissariat for Refugees and Migration, in mid-2013 there were still more than 57 thousand registered refugees from Croatia and Bosnia and Herzegovina in the Republic of Serbia, as well as 209 thousand internally displaced persons. This population's main problems concern employment and housing, and the most disadvantaged are the 1,700 residents of the remaining 23 collective housing centres and more than 3,000 individuals and families receiving various forms of cash assistance in the social welfare system, according to the records of centres for social work. System-wide support is provided to refugees, internally displaced persons and returnees under the Readmission Agreement through activities identified by local action plans and partly funded from the national budget through matching grants. According to reports of the non-governmental organisation Praxis⁶⁵⁸, a number of internally displaced persons from Kosovo and Metohija still face problems in access to identity documents.⁶⁵⁹
- 5.3.59. **Shelter services are developing at the local level.** In this service segment, particularly important are shelters for domestic violence victims, which have been established in 15 local governments. According to mapping data⁶⁶⁰, in 2012 the number of beneficiaries of this type of shelters totalled about 680 persons, predominantly women and children. According to centres for social work, more than 9,300 domestic violence victims were registered in 2012. Their number is increasing year after year, partly as a result of higher sensitisation to violence in society.⁶⁶¹ The non-governmental organisation Autonomous Women's Centre, however, warns that orders for the removal of the perpetrator from the dwelling and orders for the return of the victim to the dwelling are seldom proposed. The inadequacy of certain measures is also highlighted, for instance deprivation of a woman violence victim of her parental rights or removal of children from the family without the non-violent parent. Finally, although the fact that lawsuits seeking protective measures against domestic violence are filed and accepted by courts is encouraging, it is evident that victims living in rural areas or in smaller communities, without access to information or support from civil society organisations, are discriminated against in that regard.⁶⁶²
- 5.3.60. **Victims of trafficking in human beings are afforded protection through shelter services, as well as other social care services.** According to the Centre for human Trafficking Victims

⁶⁵⁵ Ibid.

⁶⁵⁶ Familia, Filozofski fakultet Beograd, Filozofski fakultet Niš (2013): *Praćenje ishoda malih domskih zajednica na decu sa smetnjama*.

⁶⁵⁷ UNICEF (2014), Situation analysis (in the preparation stage).

⁶⁵⁸ Praxis (2013): *Doprinos socijalnoj inkluziji i borbi protiv diskriminacije marginalizovane populacije u Srbiji*;

⁶⁵⁹ <http://www.kirs.gov.rs/articles/navigate.php?type1=15&lang=SER&date=0>

⁶⁶⁰ http://www.inkluzija.gov.rs/?page_id=21940, http://www.inkluzija.gov.rs/wp-content/uploads/2013/11/mapiranje_usluga_socijalne_zastite_izvestaj.pdf

⁶⁶¹ Republic Institute for Social Protection (2013), Synthetic Report on the Operation of Centers for Social Work in Serbia 2012, Belgrade, p. 67.

⁶⁶² Autonomni ženski centar (2013): *Prilozi za izradu Drugog nacionalnog izveštaja o socijalnom uključivanju i smanjenju siromaštva u Republici Srbiji*, Belgrade.

Protection, 92 victims were identified in 2013, and 79 in 2012. Almost half of the victims are children, and approximately two thirds are females.⁶⁶³

- 5.3.61. Day-care community-based services are within the local government mandate and, despite the development over the past few decades, they are still insufficiently available. In this group, among the most prevalent services are home care services for the elderly and day care for children with disabilities. According to the data for 2012, home care services for the elderly were provided in 122 local governments out of the 145, and the number of beneficiaries was in approximately 15.5 thousand (1.2% of the population over 65 years of age). The coverage of the elderly by this service is low compared to the more developed European countries. In Germany, where – as in the Republic of Serbia – the long-term care system largely relies on cash benefits, the proportion of the elderly who use home care services is 2.6%, while in the Nordic countries, where the service-based model prevails, the corresponding proportion exceeds 10%.⁶⁶⁴
- 5.3.62. Day-care services for children and youth are available in 71 local governments (one out of two in the Republic of Serbia), and cover slightly fewer than 2000 children and youth with disabilities. Almost half of the service providers are from the non-governmental sector. Over the past two years, within the project “Development of Community-based Services for Children with Disabilities and their Families (IPA 2008) which was implemented in partnership of the then Ministry of Labour, Employment and Social Affairs and the UNICEF in 2010-2013, home care services for children with disabilities were introduced in 37 local governments. The public expenditures on day-care community-based services totalled RSD 1.5 billion (0.04% of the gross domestic product) in 2012.⁶⁶⁵

Table 5.3.62. Number of beneficiaries and number of local governments providing day-care community-based services

Social care service	No. of beneficiaries	No. of LGs
Home care for the elderly	15,563	122
Home care for adults	441	20
Home care for children with disabilities	611	37
Day care for children with disabilities	2,519	71
Day care for the elderly	1,022	12
Day care for children in conflict with the law	359	10
Drop-in centre	601	4

Source: Center for Liberal-Democratic Studies and the Social Inclusion and Poverty Reduction Unit (2013): *Mapiranje usluga socijalne zaštite u nadležnosti lokalnih samouprava*.

- 5.3.63. **Services for independent living and counselling/therapy and social /educational services** are also within the local government mandate and are available in few local governments, usually only in major cities. The extremely low number of support services for persons with disabilities, with fewer than 200 personal assistance beneficiaries and about 50 supportive housing beneficiaries, restricts their possibilities of social inclusion and hinders the acceleration of the deinstitutionalisation process. With the exception of the most developed local governments, funding supportive housing for persons with disabilities has been shifted to the national level; yet,

⁶⁶³ <http://www.centarzztlj.rs>

⁶⁶⁴ Matković, G., Stanić, K. (2013): *Socijalna zaštita u starosti: dugotrajna nega i socijalne penzije*, Belgrade, Centar za socijalnu politiku and Fakultet za ekonomiju, finansije i administraciju i Tim za socijalno uključivanje i smanjenje siromaštva

⁶⁶⁵ Centar za liberalno-demokratske studije, Tim za socijalno uključivanje i smanjenje siromaštva i UNICEF (2013): *Mapiranje usluga socijalne zaštite u nadležnosti lokalnih samouprava*, Belgrade.

it has been introduced in only five local governments, with higher numbers of beneficiaries only in Belgrade and Novi Sad.

- 5.3.64. The role of civil society organizations as providers of social protection services has grown significantly over the past decade. Regulatory changes which envisage, *inter alia*, that a service provider is selected through a public call should contribute to the empowerment of this role. Analyses, however, indicate that local governments often fail to conduct these procedures appropriately and that services provided by the non-government sector are often cancelled and later delegated to public institutions.⁶⁶⁶ Civil society organizations also face difficulties in the licensing process.⁶⁶⁷
- 5.3.65. Between 2011 and 2013, the trend of declaring adult and elderly persons legally incompetent continued and even intensified. According to the Republic Institute for Social Protection, nearly 17.5 thousand adult and elderly persons were under guardianship in 2012, which constituted a 50% increase relative to 2010. Research into the phenomenon of declaration of legal incompetence⁶⁶⁸ points to numerous problems in this sphere, from non-conformity with international conventions, to an inadequate role of centres for social work as guardianship authorities, and incentives integrated in the social benefits system. At the same time, the number of children and youth under guardianship increased, in particular in 2011. The Synthetic Report on the Operation of Centres for Social Work 2012 indicates that the reasons behind such a pronounced increase are not clear.

Table 5.3.65. Numbers of children and adults under guardianship, 2010–2012

	2010	2011	2012
Children and youth	6,162	11,025	11,267
Adults	8,672	11,212	11,852
The elderly	3,049	4,803	5,611
Total	19,893	29,051	30,742

Source: Republic Institute for Social Protection (2012): Synthetic Report on the Operation of Centres for Social Work in Serbia 2012.

- 5.3.66. Many researches corroborate the particularly disadvantaged position and social exclusion of the Roma, in particular those living in substandard settlements. According to reports of centres for social work, more than 30 thousand Roma receive financial social assistance (20% of the Roma population according to the 2011 Population Census). Roma children account for a disproportionately high share of the children in residential and foster care. With a view to solving the many problems faced by the Roma population, a number of local governments have developed local action plans and appointed Roma coordinators, who should, amongst other things, facilitate higher access to social and child protection. Barriers precluding access to social protection still concern complicated administrative procedures and problems in access to identity documents, despite recent significant improvements in this regard. Centres for social work do not implement programmes specifically targeting the Roma, and research also points to insufficient sensitisation on the part of the staff and discrimination in the communication with beneficiaries. Identified support gaps include the need to strengthen counselling services for Roma families and mothers, especially for children at risk of dropping out of school. Such support is significant in all

⁶⁶⁶ Autonomous Women's Center (2013): input for the preparation of the Second National Report on Social Inclusion and Poverty Reduction in the Republic of Serbia, Belgrade. CLDS (2013): *Naučene lekcije i preporuke za unapređenje statusa, vidljivosti i kapaciteta organizacija civilnog društva kao pružalaca usluga socijalne zaštite*, Belgrade.

⁶⁶⁷ CLDS (2013): *Naučene lekcije i preporuke za unapređenje statusa, vidljivosti i kapaciteta organizacija civilnog društva kao pružalaca usluga socijalne zaštite*, Belgrade.

⁶⁶⁸ Novaković, U., Jovanović, V. (2013): *Lišavanje poslovne sposobnosti, rehabilitacija i zapošljavanje osoba sa disabilitytetom*, Belgrade, Social Inclusion and Poverty Reduction Unit.

other cases of multiple deprivation. The establishment of integrated services and formal cooperation between centres for social work and other national and local mechanisms is believed to be of particular importance for advancing the status of the Roma.⁶⁶⁹

MEASURES AND PROGRAMMES

- 5.3.67. Under a designated several years' programme, the Ministry of Labour, Employment, Veterans and Social Affairs has awarded **funds for social care service development and quality improvement in underdeveloped municipalities**⁶⁷⁰ through calls for applications. On average, support has been awarded to about 30 local governments per year.
- 5.3.68. The **Budget Fund for Programmes on the Protection and Improvement of the Status of Persons with Disabilities**⁶⁷¹ under the Ministry of Labour, Employment, Veterans and Social Affairs finances projects of socio-humanitarian organisations and 33 national and provincial confederations of persons with disabilities, which gather 526 local associations. These projects support the development of community-based services for persons with disabilities (supportive housing, day care, personal assistance⁶⁷²) and various programme activities (development of stimulation and inclusion programmes, offices for sign language interpreting services, SOS helpline, legal aid and strengthening the capacities of the organisations of persons with disabilities). Additionally, a permanently open call aims at financing projects of improving the accessibility of physical environment, improvement of spatial and technical working conditions in organizations of persons with disabilities and humanitarian and other programs. Between 2011 and 2013, over one billion RSD from the Budget Fund were allocated to the said projects and activities.
- 5.3.69. In early 2013, the Government decided to launch an **electric power subsidy scheme for specific vulnerable groups**. A decree was adopted, setting the benchmarks, criteria, modality of protection and procedure for awarding the status of protected energy customers.⁶⁷³
- 5.3.70. The following projects in the sphere of social and child protection were launched with funding from the Instrument for Pre-accession Assistance (IPA): **“Support for Deinstitutionalization and Social Inclusion of Persons with Mental Disability and Mental Illness”** (IPA 2011), worth EUR 5.17 million, and **“Support to the Social Inclusion of the Most Vulnerable Groups, including Roma, through More Diversified Community-based Social Services”** (IPA 2012), worth EUR 6.5 million.
- 5.3.71. The establishment of **intersectoral cooperation with a view to protecting children from abuse and neglect** was supported with European Union funding between 2011–2013 under the regional project “Protecting Children from Violence in South East Europe” which gathered five countries, totalling EUR 1.65 million and implemented by UNICEF.

⁶⁶⁹ Anđelković, B. et al. (2013): *Procena efikasnosti lokalnih mehanizama socijalnog uključivanja Romkinja i Roma*, Belgrade, Centar za istraživanje javnih politika, Tim za socijalno uključivanje i smanjenje siromaštva;

Praxis (2013): *Doprinos socijalnoj inkluziji i borbi protiv diskriminacije marginalizovane populacije u Srbiji*; Romski ženski centar Bibija (2013): *Praćenje sprovođenja romskih politika na nacionalnom i lokalnom nivou u Srbiji*.

⁶⁷⁰ Municipalities from groups III and IV by development level, as well as devastated areas under the Decree of the Government of the Republic of Serbia Establishing the Single List of Regions and Local Government Units by Development Levels.

⁶⁷¹ Rulebook on the Allocation of Funds for Programmes on the Protection and Improvement of the Status of Persons with Disabilities and for Funding Social Protection Institutions.

⁶⁷² The Ministry of Labour, Employment, Veteran and Social Affairs provides financial support to projects implementing programmes of training for potential personal assistants, whereas local government units finance engagement of personal assistance and/or support this community-based service in line with the available funds.

⁶⁷³ Decree on Protected Energy Customers and Vulnerable Heating Customers, Official Gazette of RS, Nos 90/13 and 44/14 – another rulebook.

- 5.3.72. Under the project “**Delivery of Improved Local Services**”⁶⁷⁴, funded by a EUR 32 million World Bank loan, social protection information system development activities were carried out, including equipment provision and linking centres for social work (140 in number) and residential care institutions. The project component on the support to improving the funding modalities of associations of persons with disabilities was also completed.
- 5.3.73. **Three important projects were implemented in this sector with funding provided by the Government of the Kingdom of Norway.** The licensing process and activities relating to the establishment of the Social Protection Chamber were supported through the project “Establishment and Implementation of the Service Provider Licensing System within the Social Protection System in Serbia”. The project “Combating Sexual and Gender Based Violence” was completed, as was the project supporting priority activities under the National Strategy for Advancing the Position of Women and Gender Equality.
- 5.3.74. The three-year long project “**Transforming Residential Institutions for Children and Developing Sustainable Alternatives in Serbia**”, financed from EU funds, was concluded in mid-2011. It was implemented by the line ministry and UNICEF and made a significant contribution to accelerating the deinstitutionalisation process in Serbia.
- 5.3.75. The three-year long project of the competent ministry and UNICEF entitled “Developing of Community-based Services for Children with Disabilities and their Families” was finalized in 2013. The project facilitated a significant improvement in the quality and availability of community-based services. The project was financed from EU funds (IPA 2008) and included the provision of grants supporting services for children with disabilities in 41 municipalities.

CONCLUSIONS

- 5.3.76. In terms of their design, means-tested schemes, in particular financial social assistance, do not differ significantly from those in other European countries. There is, however, room for improvement of coverage and adequacy.
- 5.3.77. Despite substantial increase, **the coverage of the poor by financial social assistance remains low, while the coverage by child allowance is higher.** Increasing the coverage by financial social assistance is directly linked to the issue of benefit adequacy, in view of the fact that the benefit amount at the same time represents the income threshold. From the aspect of the ability to meet the basic needs, there is ample room for improvement of adequacy; however, from the aspect of potential (dis)incentive to work and employment, this is not the case. As almost all families receiving financial social assistance also receive child allowance aimed at poverty reduction, it is essential to assess adequacy on the basis of cumulative benefit amounts.
- 5.3.78. From the aspect of the ability to meet the minimum needs, the cumulative amounts of financial social assistance and child allowance exceed the absolute poverty threshold and the at-risk-of-poverty threshold only for recipients entitled to augmented amounts (such as single-parent families). To be lifted out of poverty with state assistance, two-parent families should be receiving between one third and one half more than the current amounts, depending on the number of children.⁶⁷⁵
- 5.3.79. In terms of effect on work and employment, already with two children, all family types receive cumulative state assistance amounts close to the minimum wage level. Employment pays nevertheless, as income threshold for access to child allowance are higher than those for financial

⁶⁷⁴ For more information, visit www.dils.gov.rs

⁶⁷⁵ Matković, G., Mijatović, B., Stanić, K. (2013): *Novčana davanja za decu i porodice sa decom u Srbiji – analiza i preporuke*, Centar za liberalno-demokratske studije, Centar za socijalnu politiku and UNICEF, Belgrade.

social assistance; hence, in the event that one parent takes up employment, these families could receive both minimum wage and child allowance. Gradual withdrawal of state assistance with income growth is thus achieved in respect of families with children.

- 5.3.80. Means-tested benefits at the local government level differ widely and data thereon are not collected in a systematised manner. Yet, there are indications that **many cities and municipalities meet at least part of the unmet needs of the most disadvantaged population.**⁶⁷⁶ It would be particularly important to analyse various forms of housing assistance on the local level, which constitute a crucial form of support for the disadvantaged in some European Union Member States.
- 5.3.81. Care and assistance to persons with disabilities are only partly provided through cash benefits in the social protection system. A comprehensive assessment of cash benefits for persons with disabilities is, therefore, possible only in the context of the overall system of long-term care, which is partly provided under pension and disability insurance and through health and social care services. Research shows that the coverage of the elderly by long-term care cash benefits is less than complete.⁶⁷⁷ With regard to benefit amounts, it may be concluded that augmented attendance allowance, which is somewhat higher than the net minimum wage, is adequate, especially in view of the fact that a benefit in the form of a social pension has been introduced for parents of children recipients of this allowance. With regard to basic attendance allowance, research and data that could serve as benchmarks for its adequacy are not available.
- 5.3.82. Cash benefits aimed at the balancing of work and parenthood and support to parents in reaching the desired family size (maternity/childcare pay during maternity leave and childcare leave and birth grant) are characterised primarily by high coverage and relative generosity compared to European solutions. There is room for streamlining of the maternity/childcare pay scheme and, in particular, for the introduction of flexible forms of using these entitlements and the stimulation of men to use more the right to childcare leave.⁶⁷⁸
- 5.3.83. The effectiveness and efficiency of transfers under social and child protection may be assessed against several criteria.
- The **effectiveness** of all social transfers, including unemployment benefit, sick pay, social benefits under veteran protection and disability pension, in addition to all cash benefits discussed above, may be assessed by comparing the at-risk-of-poverty rates before and after granting them. As shown in the section on financial poverty (under subsection relating to Effectiveness of Social Transfers), all social transfers taken together (except survivors' and old-age pensions, which are treated as income) reduce the at-risk-of-poverty rate by 6.8 percentage points, and the effectiveness rate stands at 21.7%, which is considerably below the European Union level (34.4%).
 - The **efficiency** of social transfers (excluding old-age and survivors' pensions), in terms of comparing the expenditures on transfers and the at-risk-of-poverty rate reduction, shows that Serbia belongs to the low spending, low poverty reduction European countries⁶⁷⁹ (see: Figure 1 - Expenditures on social protection (excluding old-age and survivors' pensions), as % of GDP and % of reduced share of the population (aged 0-64) at risk of poverty, 2011, Annex 1).

⁶⁷⁶ Ibid.

⁶⁷⁷ Matković, G., Stanić, K. (2013): *Socijalna zaštita u starosti: dugotrajna nega i socijalne penzije*, Belgrade, Centar za socijalnu politiku and Fakultet za ekonomiju, finansije i administraciju.

⁶⁷⁸ Matković, G., Mijatović, B., Stanić, K. (2013): *Novčana davanja za decu i porodice sa decom u Srbiji – analiza i preporuke*, Centar za liberalno-demokratske studije and Centar za socijalnu politiku, Belgrade.

⁶⁷⁹ Europe 2020 targets: Poverty and social exclusion active inclusion strategies, downloaded from: http://ec.europa.eu/europe2020/pdf/themes/33_poverty_and_social_inclusion.pdf, accessed on June 2, 2014.

- 5.3.84. Research shows that, in the Republic of Serbia, the allocations for **cash benefits in the family/children function** are below those in the European Union (1.2% of the gross domestic product in Serbia in 2013, compared to 1.4% of the gross domestic product in the European Union in 2011). From the aspect of allocative efficiency (microefficiency) and in comparison with the European Union, it is observed that the allocations for maternity/childcare pay and birth grant are high, while those for child allowance are low.
- 5.3.85. There is room for improvement of **vertical efficiency** (targeting) in particular in the child allowance scheme. In the maternity/childcare pay scheme, the issue of vertical efficiency may be raised primarily with regard to the illogical choice of the funding source (the national budget) in view of the recipients (employed women, rather than all mothers).
- 5.3.86. Community-based services continued to expand during the crisis, partly owing to the support provided through international projects. **Despite substantial improvements, these services are still underdeveloped, unevenly developed throughout the country and, in some communities, also unsustainable.**
- 5.3.87. It is noticeable that local governments have recognised the need to support the elderly, especially in the municipalities affected by pronounced population ageing. **The coverage of the elderly by services is still low compared to the more developed countries** and should be increased within the long-term care system.
- 5.3.88. Children and youth with disabilities are another target group with a noteworthy number and diversification of services and programmes. Further expansion of the services targeting this population is essential for preventing institutionalisation. Services supporting the inclusion of children with disabilities in the mainstream education system (personal assistant, extended day care) are also particularly important, but have not been established in many local governments or are insufficiently available.
- 5.3.89. To prevent the segregation of children and to support families with children at risk of dropping out of education, **counselling/therapy and social/educational services**, developed only in few cities, **should be expanded.**
- 5.3.90. **The least progress has been achieved in the provision of community-based services for adults with disabilities**, in particular those with intellectual disabilities or mental health disorders, given that virtually no reform has been implemented in the care for these vulnerable groups.⁶⁸⁰ Most adults with physical disabilities, even though they meet the criteria, do not exercise their right to the personal assistance service, which significantly reduces their opportunities for education and employment.
- 5.3.91. No improvement in social and child protection in the Republic of Serbia can be expected without strengthening the capacities of centres for social work and improving assessment and planning services, and especially without establishing integrated social protection and intersectoral cooperation.
- 5.3.92. It is essential to strengthen the capacities of centres for social work for integrated planning and support to individuals and families, in particular those from groups exposed to multiple risks, such as the Roma, single-parent families, children with complex disabilities, domestic violence victims and others.⁶⁸¹ Finally, it is clear that centres for social work and social care services, in isolation, cannot improve the status of the poorest and most disadvantaged without building links to institutions in other sectors and non-governmental organisations at both local and national

⁶⁸⁰ The recently launched project “Support for Deinstitutionalization and Social Inclusion of Persons with Mental Disability and Mental Illness” (IPA 2011) is expected to facilitate progress.

⁶⁸¹ UNICEF (2014): *Situaciona analiza* (under preparation).

levels. A number of by-laws of a cross-sectoral character are either missing (decree on activation) or vague (Rulebook on Additional Educational, Health and Social Support to the Child and Pupil⁶⁸²), which clearly reflects the lack of readiness on the part of these systems to embark on the next stage of reforms that should ensure integrated social protection.

LINES OF ACTION

5.3.93. The coverage and adequacy of cash benefits, in particular means-tested ones (financial social assistance and child allowance) should be improved, with focus on active inclusion mechanisms and subject to the availability of budget funds. More specifically:

- Research shows that, in the short term, further improvement of cash benefit adequacy and the coverage of the poor should in particular entail higher benefits for secondary school students and children with disabilities⁶⁸³;
- In the financial social assistance scheme, improving the adequacy would also entail increasing the coverage of the poor. In the short term, the least disputable intervention is an increase of the weight from 0.3 to 0.5 for children over the age of 14 in line with the OECD-modified equivalence scale, as well as an additional increase of the weight for children with disabilities. Relaxing property-related requirements, in particular raising the land ownership ceiling, would allow increasing the coverage without increasing the benefit amount. In that regard, concrete improvements require additional research;
- In the child allowance scheme, there is room for increasing the adequacy for secondary school students, in the form of a one-off benefit on successful completion of a school year. The child allowance amount for children with disabilities should also be augmented, and there are grounds for the introduction of universal entitlement for this particularly disadvantaged group. An increase in the coverage by child allowance could be achieved by removing certain barriers, such as the requirement for children's parents to be covered by health insurance, and the modality of assessing farming income should be revised, since cadastral income is an obsolete and inadequate concept⁶⁸⁴;
- In line with the goal of active inclusion, the development and adoption of a by-law on the activation of recipients should be the first steps towards integrated services for the poorest, both in the interest of employment/work and in the interest of returning youth to education and further training or retraining;
- In the medium term, increasing the coverage would entail raising the financial social assistance amount/income threshold to the level of the absolute poverty threshold or some other minimum living standard threshold, while respecting the natural limits imposed by pension and disability insurance entitlements and the minimum wage level. In addition, gradual withdrawal of assistance with income growth should be introduced (instead of the current solution – full withdrawal, i.e. termination of financial social assistance once the income threshold is reached), with a view to lowering the disincentive to employment;
- In the medium term, the **introduction of social pensions for the elderly under the financial social assistance scheme** should be considered;
- Improvement is also needed in the **establishment of the long-term care system**. In this context, the **basic attendance allowance amount** should be reviewed, cash benefits should be combined with relevant services and, in particular, **functional assessment scales should be used in**

⁶⁸² Official Gazette of RS, No 63/10.

⁶⁸³ Matković, G., Mijatović, B., Stanić, K. (2013): *Novčana davanja za decu i porodice sa decom u Srbiji – analiza i preporuke*, Centar za liberalno-demokratske studije, Centar za socijalnu politiku and UNICEF, Belgrade.

⁶⁸⁴ Matković, G. Mijatović, B. (2012): *Program dečijih dodataka u Srbiji: Analiza i predlozi za unapređenje*, Belgrade, Centar za liberalno-demokratske studije and UNICEF.

eligibility assessment. The adoption of the long-awaited by-laws on integrated social protection and health care institutions and organisational units is crucial.

5.3.94. Enhanced support to biological families is essential, as well as the continued deinstitutionalisation process and development of community-based services:

- In addition to material support, **other mechanisms and programmes for support to biological families and prevention of (unwarranted) removal of children should be established.**
- Support to families and deinstitutionalisation inevitably entail the development of community-based services. A prerequisite for the establishment and expansion of these services in the least developed municipalities is the adoption of a by-law on **earmarked transfers** which would regulate additional financing from the national level in a transparent manner and in line with reform priorities;
- In the short term, in order to continue the deinstitutionalisation process, it is necessary to launch programmes aimed at strengthening local capacities to establish **supportive housing services for persons with disabilities**, as well as to consider shifting the responsibility for funding this service, even in the most developed local governments, to the national level;
- A precondition for successful continuation of deinstitutionalization is the development of a roadmap for the next phase of institutional transformation to, *inter alia*, use the existing infrastructural and professional resources in the conditions of reduced number of residents;
- In the medium term, the focus should also be on the deinstitutionalisation and **integration of persons with intellectual and mental health difficulties in the community.**

5.3.95. It is necessary to improve service quality, strengthen control and regulatory mechanisms, monitoring and evaluation:

- In the short term, it is essential to complete the process of licensing social service providers and professionals and establish and strengthen training programmes. Quality improvement is contingent upon finding mechanisms for the provision of individualised services, defining more adequate criteria for beneficiaries selection and introducing service quality monitoring and evaluation (including beneficiary satisfaction assessment). It is particularly important to intensify support to civil society organisations as social service providers, ensure their continued education and remove obstacles in the licensing process;
- Enhancement of service standard and quality in homes for persons with intellectual and mental health difficulties will not be feasible without the establishment of integrated social protection and health care institutions, as foreseen by law. The recognition of the relevant organisational units in homes for the elderly as social and health care capacities is also a prerequisite for improving palliative care.
- In the medium/long term, it is essential to continue expanding regional centres for foster care and adoption, redesign field work and introduce outreach services, review the number of professionals in centres for social work and, in particular, strengthen inspection services at the national level.

5.3.96. It is important to strengthen the capacities of centres for social work and build links to health care, education and employment service providers, as well as the police, the judiciary, civil society organisations representing certain vulnerable groups, the Red Cross and relevant local government services:

- In view of the multiple risks and deprivation factors, cross-sectoral, local and national networking is crucial, including information and administrative links, spreading the practice of obtaining documents on behalf of the beneficiary, formulating relevant protocols for cooperation among different institutions, establishing joint mobile teams and procedures and the like;

- The capacities of centers for social work as guardianship authorities should be significantly improved, as well as their cooperation with the judiciary, in particular regarding child who are victims or criminal offenders;
- To support cross-sectoral activities, in the medium term, it is important to establish a designated Social Inclusion Fund⁶⁸⁵, which should facilitate more effective and efficient support to the social inclusion of vulnerable groups in the Republic of Serbia. The Fund should improve the implementation of social inclusion measures foreseen by many laws and strategic documents. Its establishment requires pooling certain budget funds and administrative resources.

5.3.97. Realistic social (and child) protection development programs should be adopted at the national and local level for the coming medium-term period (2015–2020), along with assessment of the performance against the previous documents and the impact of measures, clear definition of priorities and awareness of the limited funds.

5.4. Pensions

LEGAL AND STRATEGIC FRAMEWORK IN THE REPUBLIC OF SERBIA

- 5.4.1. **In the Republic of Serbia, the pension system is governed by the Law on Pension and Disability Insurance⁶⁸⁶** of 2003. Pension insurance is mandatory and financed on a pay-as-you-go basis. Pensions are funded by pension and disability insurance contributions, whose rates stood at 24% of the wage/salary (13% chargeable to the employee and 11% chargeable to the employer) from May 30, 2013 onwards, and were raised to 26% (14% chargeable to the employee and 12% chargeable to the employer) in August 2014. All types of pensions (old-age, disability and survivors'), pensioners' health insurance, as well as other benefits under insurance against old age and disability⁶⁸⁷ are funded from these contributions. As contribution revenues are insufficient, a sizeable proportion of pension fund expenditures is covered from the national budget, which is also the reason why contribution rates have been increased in several steps since 2001.⁶⁸⁸
- 5.4.2. Until January 1, 2008, pension and disability insurance was organised in three separate state-run funds (employee, the self-employed and farmer insurance funds); the three funds were merged administratively as of the said date, and the full financial consolidation was carried out in 2011. The pension and disability insurance of military insured persons was governed by military regulations until 2011. As of January 1, 2011, military insured persons and recipients were integrated in the existing pension and disability insurance system, and qualifying requirements were equalised as of January 1, 2012.

⁶⁸⁵ For more information, see the Social Inclusion and Poverty Reduction Unit website:

http://www.inkluzija.gov.rs/?page_id=18303

⁶⁸⁶ Official Gazette of RS, Nos 34/03, 64/04 – decision of the Constitutional Court of RS, 84/04 – another law, 85/05, 101/05 – another law, 63/2006 – decision of the Constitutional Court of RS, 5/09, 107/09, 101/10, 93/12, 62/13, 108/13 and 57/14.

⁶⁸⁷ For details on the types of costs financed from the Pension and Disability Insurance Fund and causes of the deficit, see Bajec, J. and Stanić, K. (2005) *Koliki je stvarno deficit penzionog sistema u Srbiji?*, Kvartalni monitor ekonomskih trendova i politika u Srbiji, No 1, 2005, pp. 58–64.

⁶⁸⁸ As part of the tax reform of 2001, the pension and disability insurance contribution rate was lowered to 19.6% in total, only to be raised to 20.6% as of May 1, 2003, to 22% as of July 1, 2004, and to 24% as of May 30, 2013.

- 5.4.3. In addition to the mandatory public pension system, voluntary pension savings are also possible, while the introduction of mandatory private funds has been dismissed.⁶⁸⁹ **Voluntary pension savings are governed by the Law on Voluntary Pension Funds and Pension Plans.**⁶⁹⁰
- 5.4.4. Mandatory pension insurance entails insurance against three fundamental types of risk: old age, disability and survivor risks. The system is designed to link workers' earnings throughout their working lives to their future pensions employing the **point formula**.
- 5.4.5. The **old-age pension** is calculated by multiplying the personal coefficient, which represents the ratio of one's earnings to the average, by the number of years of pensionable service. The personal point obtained in this way is multiplied by the general point value (in 2013 it stood at RSD 712.15) to calculate the pension level.⁶⁹¹ A qualifying requirement for old-age pension is the attainment of the retirement age, which is 65 years for men and 60 years for women as of 2011. Pursuant to the amendments from 2014, the retirement age for women will be extended by six months as of 2015 and by two months as of 2021 so as to turn 65 years in 2023 and thus become equal to the retirement age for men.
- 5.4.6. Another possibility is retirement on the grounds of pensionable service – the so-called **early old-age pension**⁶⁹²; full pensionable service is 40 years for men, while for women in 2013 it was 35 years and 4 months (accompanied by a 14% increase of the pensionable service in the pension formula).⁶⁹³ The minimum retirement age applies for retirement on the grounds of pensionable service. In 2013, was 54 years for men, and 53 years and 4 months for women.⁶⁹⁴ However, pension reduction (“penalty”) for retirement before reaching the retirement age has not been applied to date, but they are envisaged in the latest amendments to the Law from July 2014, totalling 0.34% for each month of the early retirement prior to reaching the retirement age.
- 5.4.7. The **disability pension** is determined by calculating the personal coefficient in the same manner as with the old-age pension. When determining the personal point, those claiming the disability pension on the grounds of an occupational injury or illness are credited with 40 year of pensionable service. If the cause of disability is a non-occupational injury or illness, two thirds of the years missing in order for the insured person to reach 53 years of age and one half of the years missing in order for the insured person to reach the retirement age of 63 years for men and/or 58 years for women are added to their pensionable service.
- 5.4.8. The **survivors’ pension** is calculated as a proportion of the old-age or disability pension that an insured person or recipient would be entitled to at the moment of death, depending on the number of family members entitled to the pension: a) 70% for one member; b) 80% for two members; v) 90% for three members; g) 100% for four or more family members.

⁶⁸⁹ Matković et al. (2009), *Izazovi uvođenja obaveznog privatnog penzijskog sistema u Srbiji*, Centar za liberalno-demokratske studije and USAID – SEGA, Belgrade.

⁶⁹⁰ Official Gazette of RS, Nos 85/05 and 31/11.

⁶⁹¹ This means that an individual who worked full pensionable service with average earnings had a pension of RSD 28,486 in late 2013 or early 2014.

⁶⁹² As defined in the latest amendments to the Law in July 2014.

⁶⁹³ The full pensionable service required for retirement is traditionally lower for women than for men; until 2013, it was 35, with the proviso that it would be increased by 15% in the pension formula, which in effect equalised it with men's full pensionable service. By legal amendments of 2010, women's pensionable service requirement is gradually being raised to reach 38 years with a 6% increase in the pension formula in 2021, while the latest amendments will equalize the full service of women and men by 2023 and will total 40 years.

⁶⁹⁴ The minimum retirement age is gradually being raised to reach 60 years for both women and men in 2024 pursuant to the latest amendments to the Law.

- 5.4.9. **The modality of uprating the general point value and pensions** was changed several times in the period 2001–2008.⁶⁹⁵ Amendments to the Law on Pension and Disability Insurance of 2010 foresee biannual uprating (on April 1 and October 1) by the consumer price change in the territory of the Republic of Serbia in the preceding six months. However, in the event that the gross domestic product increased by more than 4% in the preceding calendar year, the uprating percentage on April 1 of the current year is equal to the sum of the consumer price growth (decrease) rate in the preceding six months and the real gross domestic product growth rate in the preceding calendar year less 4 percentage points.⁶⁹⁶ Under the Law Amending the Law on the Budget System⁶⁹⁷, this modality of uprating will remain in effect until the share of pension expenditure in the gross domestic product reaches 10%. However, this modality of indexation is still not fully applied; in effect, in the past few years, pensions have been uprated on an ad hoc basis, as a rule by rates below price growth rates.⁶⁹⁸
- 5.4.10. **The component ensuring minimum income in old age** is also provided for within the mandatory pension insurance system, in the form of the minimum pension. Hence, the instrument of securing the absolute living standard of the elderly is also tied to employment history and payment of contributions.
- 5.4.11. There is no specific old age minimum income scheme for the elderly who never worked, or did not work for the minimum number of years required for a pension.⁶⁹⁹ However, they are entitled to **financial social assistance** subject to the same requirements as all other citizens.

STATE OF AFFAIRS IN THE AREA

- 5.4.12. In 2013, the **total number of pensioners** in the Republic of Serbia amounted to 1.72 million, representing over 20% of the total population. Most pensioners come from employee insurance – 1.38 million; together with military pensioners, their number is in excess of 1.4 million, i.e. somewhat more than 80% of all pensioners. There were about 213 thousand retired farmers, while about 70 thousand pensioners were from the self-employed insurance.
- 5.4.13. According to the 2011 Population Census, the **coverage of the population over the statutory retirement age** (60 years for women, 65 years for men) **by pensions** stood at about 85% and was higher for men, at 93.3%, than for women, at 79.3%. There were a total of 223,317 households in which at least one elderly person (woman aged 60+/man aged 65+) was without a pension, while the total number of such persons was 242,059. With regard to sex, women prevail in this population, at over 85%.
- 5.4.14. The **replacement rate**⁷⁰⁰ as the key indicator of pension system design in terms of old-age income maintenance, shows that a worker who attained full pensionable service (40 years for

⁶⁹⁵ From the Swiss formula, introduced in late 2001, “modified” Swiss formula from 2006, the proposed uprating by costs of living alone (which never entered into force), two extraordinary upratings in 2008 (increase to 60% of the average wage in January and an additional 10% increase in October), to the pension freeze during two crisis years.

⁶⁹⁶ As a transitional solution, for the first two years, more specifically on October 1, 2011 and April 1, 2012, a version of the “Swiss formula” between inflation and real gross domestic product growth was foreseen.

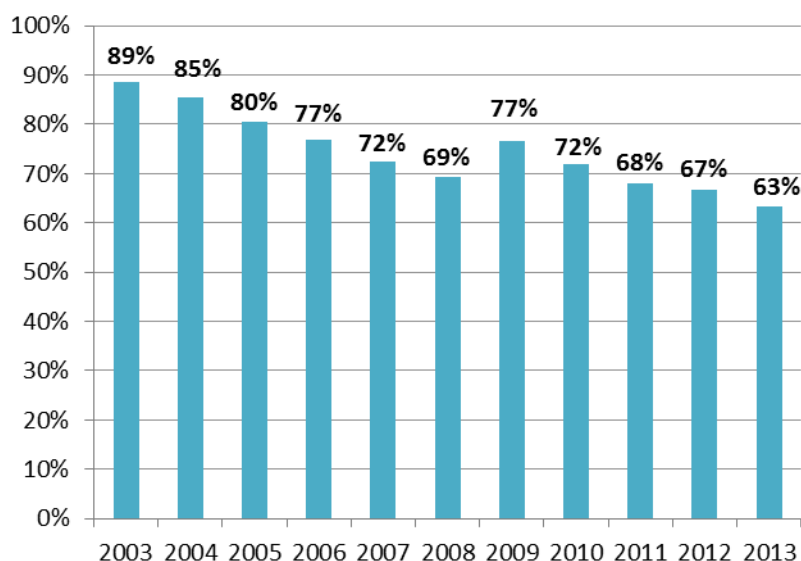
⁶⁹⁷ Official Gazette of RS, Nos 54/2009, 73/2010, 101/2010, 101/2011, 93/2012, 62/2013 and 63/2013 – corrigendum.

⁶⁹⁸ In September 2012, immediately before the foreseen entry of this article into force, the Law was amended and, as a result, pensions were uprated by 2% in October 2012 and April 2013. The Law was amended again in July 2013, and the pensions were uprated by 0.5% in October 2013 and April 2014. A 1% increase is foreseen in October 2014, and the application of article 80 of the Law, governing uprating, was finally foreseen as of April 2015. However, in December 2013, the Law was amended again. Under these most recent amendments, the uprating foreseen by Article 80 of the Law was postponed again. Thus, from April 2015 to the end of 2016, biannual uprating by 0.5% is foreseen; further, unless a regulation governing the equalisation of wages/salaries in the public sector is adopted by July 1, 2014, there will be no uprating of pensions in October 2014.

⁶⁹⁹ See: G. Matković and K. Stanić (2014), *Socijalna zaštita u starosti: dugotrajna nega i socijalne penzije*, Social Inclusion and Poverty Reduction Unit, <http://www.inkluzija.gov.rs/?p=23497>

men, 35 years and 4 months for women) can maintain his/her income at about 63% of previous earnings with the pension received in 2013.

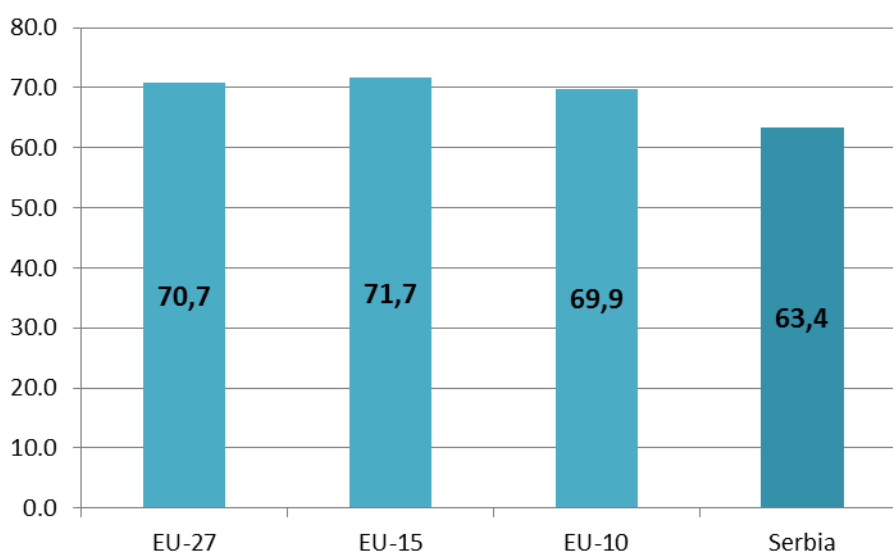
Chart 5.4.14. Net replacement rate, 2003–2013



Source: Calculation for the purposes of the present report

- 5.4.15. **The replacement rate decreased substantially over the past ten years** – it recorded an uninterrupted decline from almost 90% in 2003, with the exception of a sharp increase in 2009 as a result of the extraordinary uprating of 2008. The replacement rate is now comparatively lower relative to European Union Member States, both the developed ones and ten new Member States (EU-10).

Chart 5.4.15. Net replacement rates in Serbia and the European Union*



⁷⁰⁰ For details on pension system indicators, see Stanić, K. (2008), *Old-age Income Replacement by Pension System in Serbia – Measurement and International Comparison*, No 13, pp. 85 and 86.

*Net replacement rate – the first pension received from the mandatory public system, as a proportion of the pre-retirement net wage for a worker with constantly average earnings and 40 years of pensionable service

NOTE: The data for 2010 (these are the most recent available data and no changes are assessed to have taken place in the meantime); for Serbia, the data are for 2013; EU-10 are transition countries (countries that joined the European Union in 2004 excluding Malta and Cyprus, plus Bulgaria and Romania).

Source: For the Republic of Serbia, the calculation done for the purposes of the present report; for the European Union, the European Commission (the report “Pension Adequacy in the EU 2010–2050”).

- 5.4.16. **In 2013, the average pension** under employee insurance amounted to almost RSD 26 thousand, under the self-employed insurance – about RSD 25 thousand, and in farmer insurance – slightly over RSD 10 thousand. The average old-age pension under employee insurance amounts to almost RSD 30 thousand. Despite the benefits in the pension calculation formula, women's average old-age pension under employee insurance is about 25% lower than men's average pension.
- 5.4.17. With regard to the ratio of the average pension under employee insurance to the average wage, in 2013 it stood at 59%, while the ratio of the average old-age pension under employee insurance to the average wage stood at 67%. This indicator reflects not only the design of the pension system, but also the employment history of the present recipients – pensionable service and earnings levels; as regards the overall average pension, it takes into account the levels of disability and survivors' pensions, which are inherently lower. Similar to this is the Survey on Income and Living Conditions figure – the aggregate replacement rate, which represents the ratio of the median pension income of the population aged 65–74 to the median labour income of the population aged 50–59. For 2012, this indicator stood at 66% and was more favourable for men, at 73%, than for women, at 57%.
- 5.4.18. In the previous decade, pensions recorded a significant rise in real terms; as a result, so did pensioners' living standard. Each year, pensions grew by at least 5% in real terms, and in 2008 by almost 14% owing to the extraordinary uprating. **However, since 2010, as a result of the pension freeze and the subsequent uprating below the inflation level, pensions have declined in real terms year after year.** At the same time, the breakdown of pensions is such that, traditionally, over 60% of the pensioners under employee insurance receive below-average pensions; in 2013, their proportion reached 74%, but it should be noted that these were mainly survivor and disability pensioners, and that this figure includes pro-rated pensions.⁷⁰¹
- 5.4.19. In 2013, **the minimum pension for old-age and disability pensioners** under employee and the self-employed insurance amounted to RSD 13,108, i.e. about 21.6% of the average wage (see: Figure 2 - Minimum pension as % of average earnings (full pensionable service), Annex 1). This amount is still comparable with European Union Member States for those with full pensionable service, while for pensioners who worked for a shorter period, it is probably higher in the Republic of Serbia.⁷⁰²
- 5.4.20. With respect to the breakdown of recipients, in December 2013, almost 100 thousand or about 8% of old-age and disability pensioners were receiving the minimum pension.⁷⁰³ However, it is important to take account of the profile of minimum old-age pension recipients – **over 85% of**

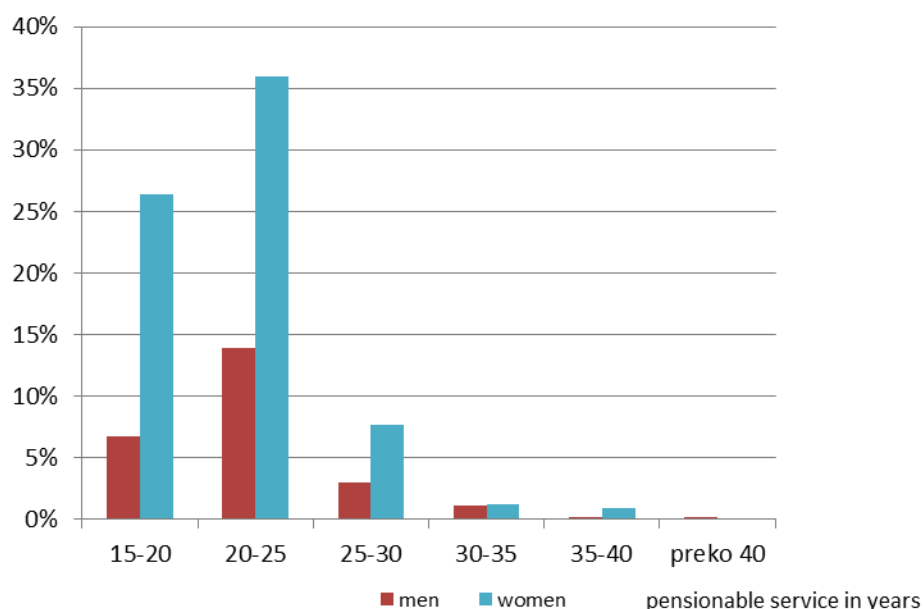
⁷⁰¹ A pro-rated pension is a pension that the recipient earned partly in Serbia and partly in another country. This means that a pro-rated pension is only a part of the recipient's pension income, while the other part is received from abroad. These are often pensions from former SFRY countries.

⁷⁰² It should be noted that only full pensionable service data were available for European Union Member States, which means that the minimum pension for fewer years of pensionable service is lower, in case that the minimum pension level depends on pensionable service.

⁷⁰³ Another, approximately, 60 thousand pensioners receive pro-rated pensions lower than the minimum pension.

the minimum pension recipients worked for up to 25 years. These are predominantly women who worked for 15–25 years.

Chart 5.4.20. Breakdown of minimum old-age pension recipients (employee insurance) by pensionable service in 2013



Source: Pension and Disability Insurance Fund

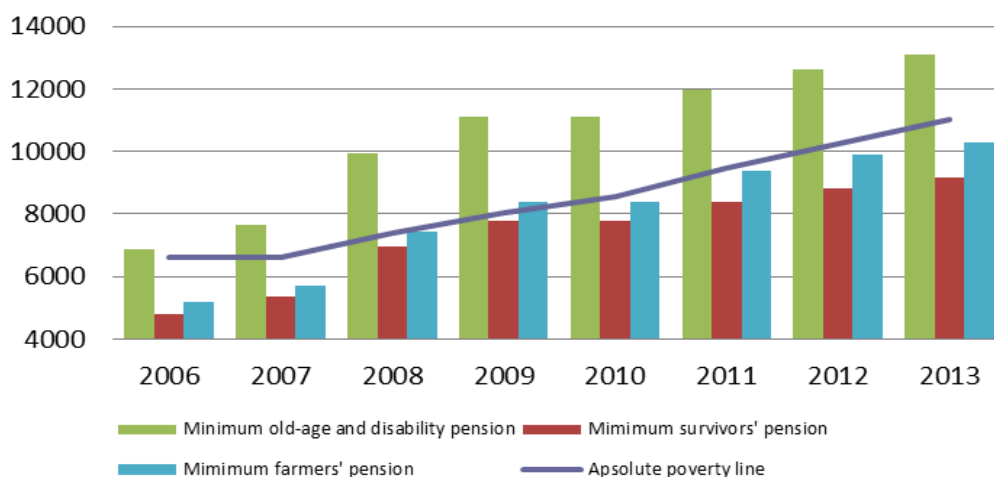
- 5.4.21. Therefore, in most cases, the minimum pension is a consequence of few years of pensionable service, rather than low earnings during one's working life. This means that, **in practice, the minimum pension is a redistribution instrument towards those with a short pensionable service, rather than those with low earnings.** A short pensionable service may also reflect adverse labour market situation (work in the grey economy, payment of contributions on the minimum base, etc.). However, as this has been a characteristic of the labour market since the 1990s, it is to be expected that the impact of labour market problems will be felt in the pension system in the medium term, while it is probably not the case with the present minimum pension recipients.
- 5.4.22. **Survivors' pensions** are not raised to the minimum pension level; instead, if the old-age or disability pension which is used as the basis for calculating the survivors' pension is lower than the minimum pension, it is raised to the minimum pension level and the survivors' pension is then determined as a proportion of that amount, depending on the number of recipients. Hence, a survivors' pension may be very low (in 2013, from RSD 9 thousand to RSD 12 thousand, depending on the number of survivors). A significant number of survivors' pension recipients receive very low pension amounts. According to the Pension and Disability Insurance Fund data for December 2013, about 90 thousand recipients, i.e. about 30% of all survivors under employee and the self-employed insurance, were receiving pensions lower than RSD 13 thousand, while about 40 thousand recipients (about 13%) were receiving pensions lower than RSD 10 thousand.⁷⁰⁴ At the same time, it should be noted that survivors' pension recipients do not have the same possibilities of pooling income within the household as other pensioners. This is verified

⁷⁰⁴ The stated data do not take into account pro-rated survivors' pensions, estimated at about RSD 10 thousand.

by survey data, according to which 50% of the recipients live in single-member households, while 45% live in mixed households.⁷⁰⁵

- 5.4.23. The **minimum pension under farmer insurance** amounted to RSD 10,300 in 2013. It is, therefore, lower than the minimum pension in the other two branches of insurance. The difference was created in 2005, when the minimum pension under employee and the self-employed insurance was increased from 20% to 25% of the average wage from the preceding year, while the minimum farmers' pension was left at the existing level.⁷⁰⁶ For the same reason, the amount of survivors' pensions under farmer insurance is even lower than for employee and the self-employed insurance – in 2013, it was RSD 7,210 for one survivor.
- 5.4.24. The other peculiarity is that **about 80% of pensioners under farmer insurance receive the minimum pension**. The remaining pensioners mainly receive pensions even lower than the minimum old-age pension. Most of these are survivors' pensions. Only 5% of pensioners under farmer insurance receive pensions higher than the common minimum pension; however, these are largely recipients of the minimum pensions under the old legislative solution (multiple minimum pension levels). The reason for such distribution of the recipients is the level of the minimum contribution base, according to which an insured farmer would be entitled to an old-age pension equal to the minimum pension only after 40 years of pensionable service.⁷⁰⁷
- 5.4.25. Although the pension amount is not the only factor that informs pensioners' material status, a comparison of minimum pension amounts to the poverty line is interesting. **The minimum old-age and disability pension under employee and the self-employed insurance has always been above both absolute and relative poverty lines.**⁷⁰⁸ The farmers' pension is mainly below the absolute poverty line; however, in-kind income should be taken into consideration, as it is mainly generated by the farming population, even in old age. However, the minimum survivors' pension amount is always below the poverty line, and the possibilities for pooling income within the household are much more limited for survivors' pension recipients.

Chart 5.4.25. The minimum pension and the poverty line



Source: Statistical Office of the Republic of Serbia and Pension and Disability Insurance Fund.

⁷⁰⁵ Matković, G. and Stanić, K. (2014): *Socijalna zaštita u starosti: dugotrajna nega i socijalne penzije*. Tim za socijalno uključivanje i smanjenje siromaštva, Centar za socijalnu politiku and Fakultet za ekonomiju, finansije i administraciju, Belgrade.

⁷⁰⁶ Mijatović, B. (2010), *Farmer's pension insurance*, Center for Liberal-Democratic Studies and USAID – SEGA, p. 17.

⁷⁰⁷ Ibid.

⁷⁰⁸ According to the Household Budget Survey, the relative poverty line was assessed at about RSD 11,440 in 2012, although, according to the Survey on Income and Living Conditions, it was RSD 13,680, which would imply that the minimum pension was below the relative poverty line.

- 5.4.26. Earlier data from the Living Standards Measurement Survey are consistent with these data; they showed that **poverty was more pronounced among farmers' and survivors' pension recipients**, while the poverty of disability and old-age pensioners under employee insurance was considerably below the average.
- 5.4.27. The available data from the Household Budget Survey show that, under the absolute poverty concept, **pensioners' poverty is below that of the overall population**. Pensioners' "advantage" was particularly evident in 2010, when overall population's poverty rose significantly as a result of the economic crisis, while pensioners were not affected as heavily, despite the pension freeze (in particular owing to regular pension payment, as well as the high increase towards the end of 2008).

Table 5.4.27. Poverty rate, % (absolute consumption poverty)

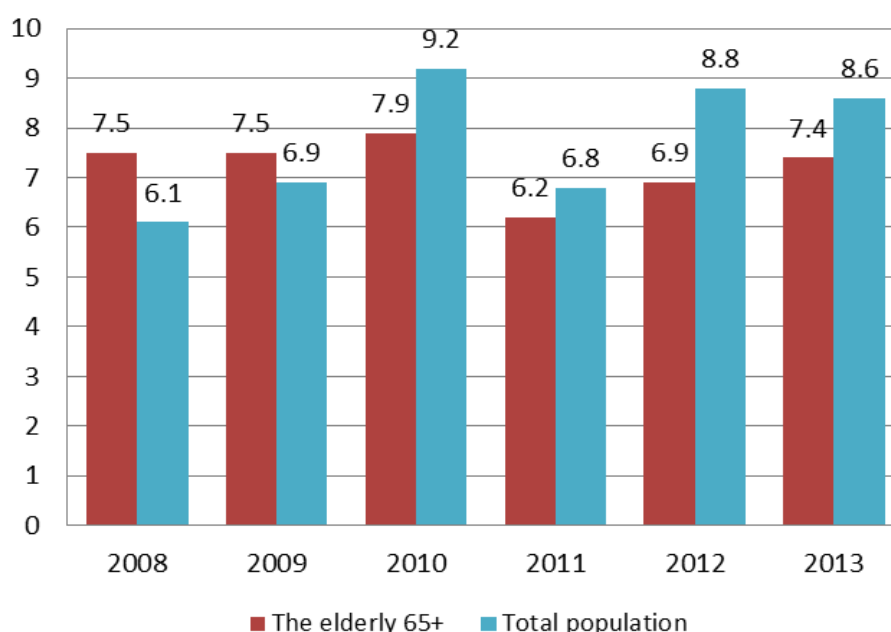
	2008	2009	2010	2011	2012	2013
Total population	6.1	6.9	9.2	6.8	8.8	8.6
Males	6.1	7.1	9.5	6.7	9.0	8.8
Females	6.0	6.8	8.8	6.8	8.6	7.8
Pensioners	5.4	5.3	6.1	6.1	6.6	7.2
Males	5.7	6.3	6.7	6.7	6.3	7.3
Females	5.1	4.6	5.6	4.7	7.3	7.1
Pensioners 75+	7.8	6.9	9.8	7.8	7.7	7.5
Males	8.0	7.1	10.1	8.9	7.8	5.3
Females	7.6	6.8	9.7	5.7	7.5	11.4

Source: Household Budget Survey, Statistical Office of the Republic of Serbia

- 5.4.28. By age groups, poverty rate was higher for those over 65 years of age than for the remainder of the population, which was interpreted as a consequence of the adverse material status of the elderly who were not entitled to a pension.⁷⁰⁹ However, in 2010, the situation reversed and poverty incidence is now lower for the population over 65 years of age than for the overall population.

⁷⁰⁹ David-Baronijan (2008) demonstrates that the elderly over 65 years of age without pension income are significantly affected by poverty – almost 20% of the population is poor. Between 2002 and 2007, their poverty incidence decreased very slightly despite the overall poverty reduction in the Republic of Serbia.

Chart 5.4.28. Poverty incidence 65+, % (absolute consumption poverty)



Source: Household Budget Survey, Statistical Office of the Republic of Serbia

5.4.29. This finding is verified by the most recent at-risk-of-poverty rate data from the Survey on Income and Living Conditions, according to which **pensioners' at-risk-of-poverty rate is considerably lower than that of the overall population**, and the same applies to the at-risk-of-poverty rate of those over 65 years of age compared to the rest of the population. That said, women in the higher-age groups (65+ and 75+), as well as those in the pensioner population, are at a significantly higher risk of poverty relative to men.

Table 5.4.29. At-risk-of-poverty rate (threshold: 60% of the median equivalised income after social transfers), 2012

	Total	Males	Females
Total population	24.6	24.9	24.3
Pensioners (18+)	14.5	13.3	15.3
Pensioners (65+)	15.5	13.5	17.2
0–64	25.7	26.6	24.7
65+	19.5	15.3	22.5
0–74	24.9	25.5	24.3
75+	21.2	16.2	24.4

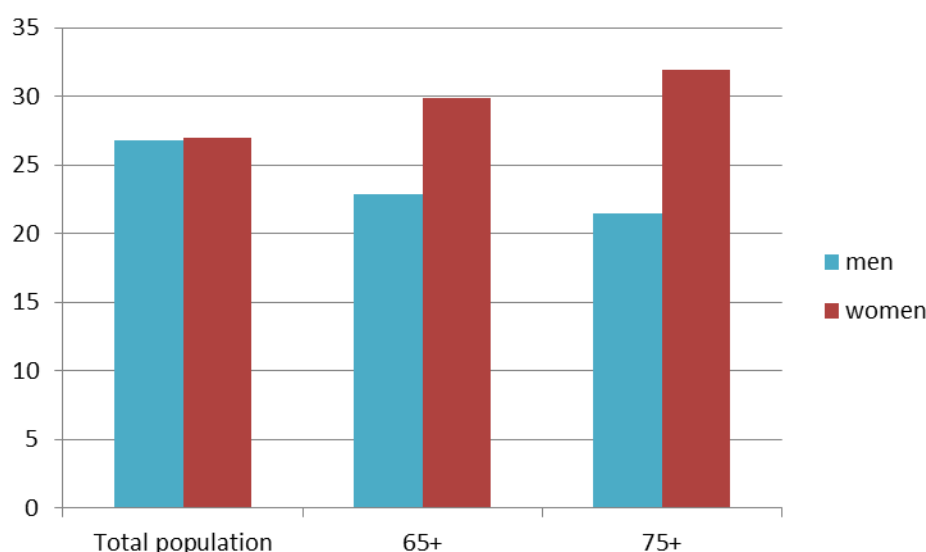
Source: Statistical Office of the Republic of Serbia, Survey on Income and Living Conditions

5.4.30. An analysis of severe material deprivation does not reveal such wide differences in favour of pensioners and the elderly; instead, the findings are similar to the absolute poverty incidence. Pensioners' (18+) severe material deprivation rate stood at 25.1% in 2013, compared to 26.7% for the overall population aged 18 or over.⁷¹⁰

⁷¹⁰ See the section “Financial Poverty and Deprivation of Basic Needs”.

5.4.31. The severe material deprivation rate of elderly men is lower than that of the male part of the overall population, while elderly women are more disadvantaged.

Chart 5.4.31. Severe material deprivation by age groups



Source: Statistical Office of the Republic of Serbia, Survey on Income and Living Conditions

5.4.32. An analysis of the elderly population's poverty corroborates the **important role of the pension system in elderly poverty reduction**. The at-risk-of-poverty rates before and after social transfers, where pensions count as social transfers, can be used as the measure of pension system efficiency in relative poverty reduction. Thus, the at-risk-of-poverty rate is 50.9% lower than before transfers; in addition, the at-risk-of-poverty rate of the elderly population (65+) is lowered by as much as 75% after transfers.

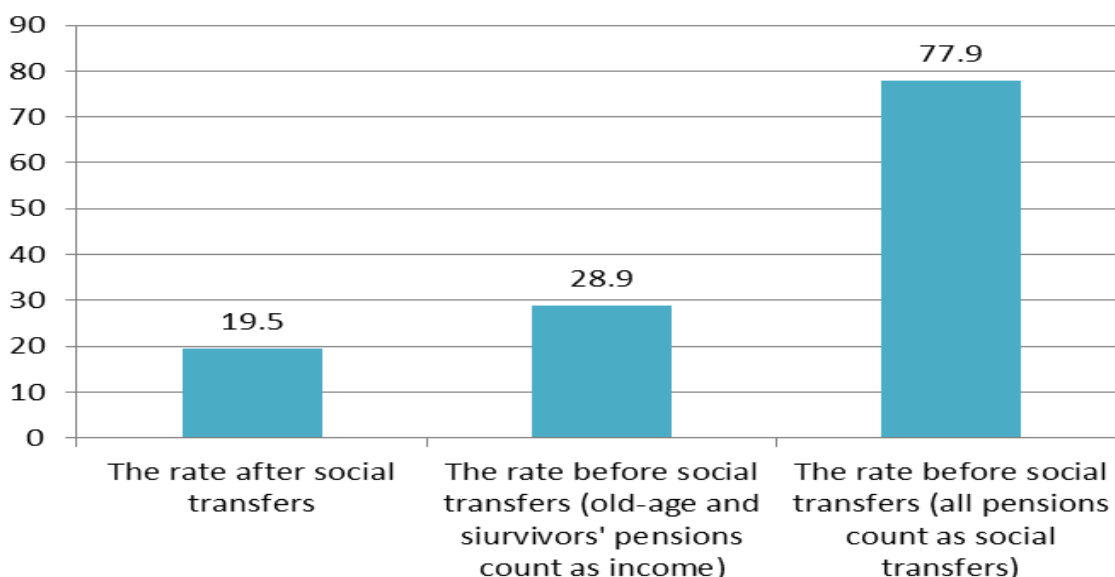
Table 5.4.32. At-risk-of-poverty rates before and after social transfers (pensions count as social transfers)

	At-risk-of-poverty rate before social transfers	At-risk-of-poverty rate after social transfers	At-risk-of-poverty rate reduction after social transfers
Total population	50.1	24.6	-50.9
male	49.2	24.9	-49.4
female	50.9	24.3	-52.3
Population 65+	77.9	19.5	-75.0
male	77.2	15.3	-80.2
female	78.4	22.5	-71.3

Source: Statistical Office of the Republic of Serbia, Survey on Income and Living Conditions

5.4.33. That **pensions are the key social transfer for the elderly population** is shown by the data that the at-risk-of-poverty rate before social transfers, where pensions count as social transfers, is almost 50 percentage points higher than when pensions do not count as social transfers, i.e. when they count as income.

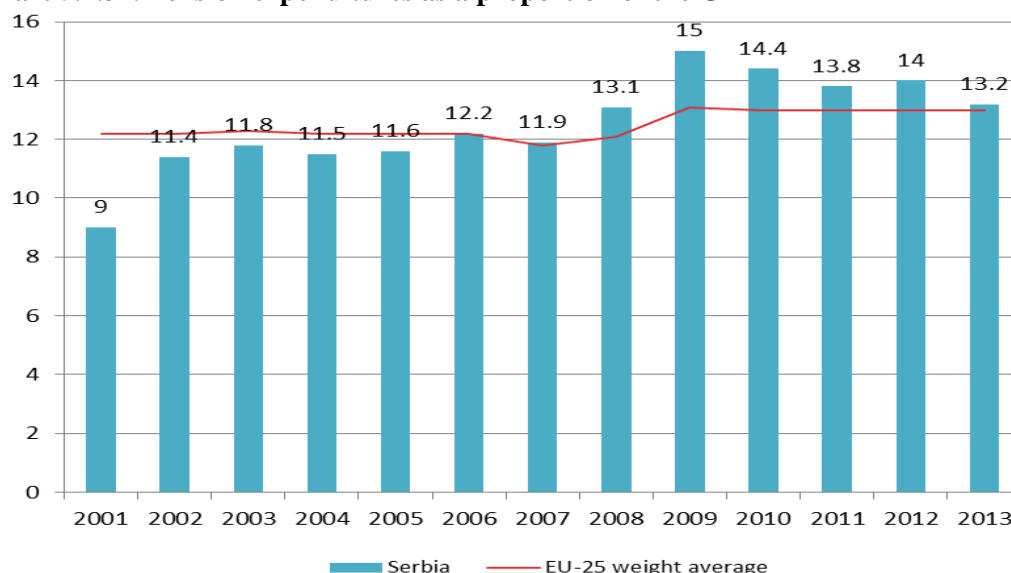
Chart 5.4.33. At-risk-of-poverty rates before and after social transfers for the population aged 65 and over



Source: Statistical Office of the Republic of Serbia, Survey on Income and Living Conditions

5.4.34. However, **pension expenditures have been very high since 2008**, as a result of the extraordinary uprating in January and October that year. In 2013, the expenditures on all types of pensions under all three insurance branches (including military personnel) stood at 13.2% of the gross domestic product, which is at the level of the EU-25 average. This does not include the expenditures on “one-off assistance to pensioners”, estimated at an additional 0.2% of the gross domestic product.⁷¹¹

Chart 5.4.34. Pension expenditures as a proportion of the GDP



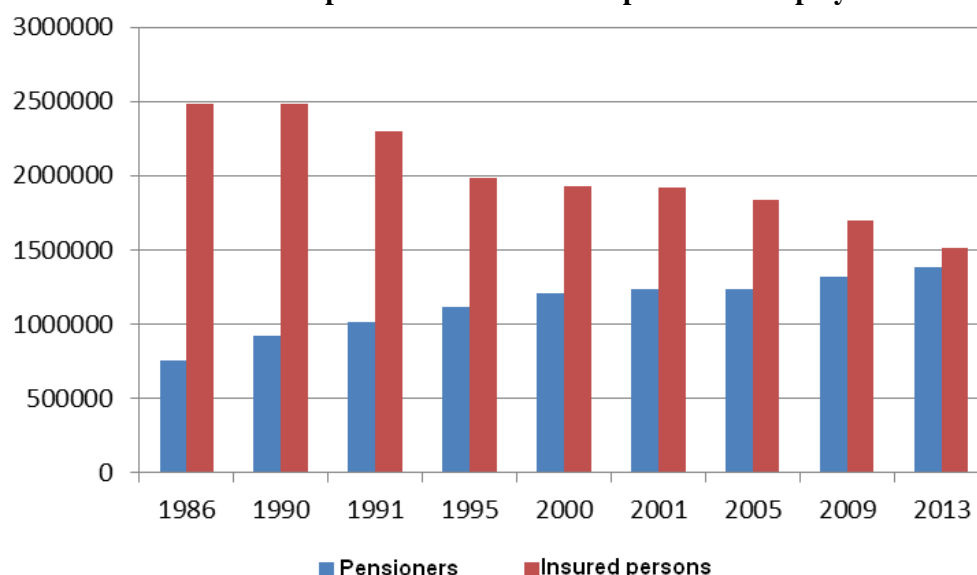
⁷¹¹ Matković, G. and Stanić, K. (2014): *Socijalna zaštita u starosti: dugotrajna nega i socijalne penzije*. Tim za socijalno uključivanje i smanjenje siromaštva, Centar za socijalnu politiku and Fakultet za ekonomiju, finansije i administraciju, Belgrade.

Note: The data pertains to all three insurance branches, including military personnel, for whom estimated expenditures in the period 2001–2011 are taken.

Source: For the Republic of Serbia, Pension and Disability Insurance Fund; for EU-25, Eurostat.

- 5.4.35. Although pensions were frozen in 2010, and subsequently uprated by less than the price growth rate, the pension expenditures are decreasing at a somewhat slower pace. The principal reason is the increase in the number of pensioners under employee insurance by almost 70 thousand since 2009. At the same time, the number of insured persons has been on the decline year after year; hence, the **insured persons/pensioners ratio** in employee insurance declined to about 1.1 in 2013.⁷¹²

Chart 5.4.35. Numbers of pensioners and insured persons in employee insurance



Source: Pension and Disability Insurance Fund and Statistical Office of the Republic of Serbia

- 5.4.36. **Revenues are, in fact, one of the central problems of the pension system**, primarily because of high unemployment, but also under-reporting, i.e. payment of contributions on the minimum contribution base only. As a result, budget transfers are extremely high – in , they stood at 6.3% of the gross domestic product; however, they are used for the disbursement of other entitlements under pension and disability insurance, rather than pensions alone. Budget transfers for net pension disbursement totalled almost 4% of the gross domestic product in 2013; of this, about 0.4% of the gross domestic product is used to cover the balance to the minimum pension (mostly the balance to the minimum farmers' pension).
- 5.4.37. With regard to the **retirement age**, it is equal for men and women in most European Union Member States. In drawing comparisons between retirement ages, life expectancy should always included in the equation in order to ascertain the retirement span. In the Republic of Serbia, life expectancy is generally shorter than in the European Union; also, women in the Republic of Serbia have the shortest life span in Europe, which is also only two years longer than that of men.⁷¹³ According to the Pension and Disability Insurance Fund data, the **attained age of old-age pensioners** who died during 2013 was 77 years for men and 75 years for women in employee

⁷¹² This ratio does not include military personnel (either in the number of pensioners or in the number of employees). The number of Ministry of Interior employees is estimated at about 40 thousand.

⁷¹³ Ibid. and Stanić, K. (2010): *Penzijski sistem u Srbiji – dizajn, karakteristike i preporuke*. Centar za liberalno-demokratske studije and USAID, Belgrade.

insurance; 75 years for men and 71 years for women in the self-employed insurance; and 80 years for men and 77 years for women in farmer insurance.⁷¹⁴

MEASURES AND PROGRAMMES

- 5.4.38. **Since November 2008, the City of Belgrade has paid “one-off cash assistance to the most disadvantaged pensioners”.** It is disbursed in four quarterly instalments of RSD 4,000, i.e. RSD 16,000 per year. In 2008, assistance was disbursed to pensioners with pensions under RSD 13,000; already in 2009, the pension ceiling was raised to about RSD 15,000, and in 2011 it reached about RSD 16,000.
- 5.4.39. In September 2012, this model was adopted at the national level; thus, all pensioners whose August 2012 pensions did not exceed RSD 15,000 received four instalments of RSD 4,000. This assistance was disbursed to about 460,000 pensioners.⁷¹⁵ By a Government conclusion from December 2013, one-off assistance is disbursed to all whose monthly pensions did not exceed RSD 15,684.03. There are two fundamental problems in this programme. One is the design of the assistance, namely the disqualifying pension ceiling.⁷¹⁶ The other deficiency of this model is its cost-effectiveness ratio in terms of preventing poverty and improving the living standard of the elderly. This programme costs about 0.2% of the gross domestic product annually. This measure practically means a pension increase of RSD 1,333 for all with pensions below RSD 15,684, irrespective of whether they are survivors' pension recipients living in single-member households with pensions of about RSD 9,000, or old-age pensioners with pensions of RSD 15,600, of whom about 20% have income per household member in excess of RSD 15,000.⁷¹⁷ The elderly without pensions – about 240 thousand people over the retirement age, who are at the highest risk of poverty, are left out of the programme. Therefore, the expenditure cannot be described as negligible.
- 5.4.40. The project “**Reaching Adequate, Safe and Sustainable Pensions in Serbia through Mutual Learning**”, funded under the EU PROGRES programme, is aimed at contributing to pension system reform in the Republic of Serbia. The project was launched in September 2013, the foreseen timeframe is 16 months, and the total project value is EUR 295,000.

CONCLUSIONS

- 5.4.41. The pension system plays a key role in elderly poverty prevention in the Republic of Serbia. Analyses show that pensioners' poverty is lower than that of the overall population, under both absolute and relative concepts, that pensioners were particularly protected during the crisis years and that the elderly without pensions are, evidently, more disadvantaged than pensioners.
- 5.4.42. Poverty prevention can be attributed primarily to pension insurance, which has, so far, provided adequate benefits in relative terms to those who were insured, despite the fact that absolute levels are very low.

⁷¹⁴ Republic of Serbia Pension and Disability Insurance Fund, 2013 Annual Statistical Bulletin, Belgrade, July 2014, p. 31.

⁷¹⁵ The number of recipients was determined on the basis of the pension amount in August 2012; the list was subsequently updated by removing the deceased pensioners, while new pensioners with pensions below RSD 15,000 were not awarded assistance. The first disbursement was made in September 2012, and 475,850 elderly people received RSD 4,000 each. The second disbursement covered 471,015 people, the third – 465,302, and the fourth – 460,135 pensioners.

⁷¹⁶ For instance, a pensioner whose November 2013 pension amounts to RSD 15,600 receives the “thirteenth pension”, whereby his monthly pension amounts to RSD 16,933, while a pensioner with a pension of 15,700 will stay at that amount.

⁷¹⁷ Matković, G. and Stanić, K. (2014): *Socijalna zaštita u starosti: dugotrajna nega i socijalne penzije*. Tim za socijalno uključivanje i smanjenje siromaštva, Centar za socijalnu politiku and Fakultet za ekonomiju, finansije i administraciju, Belgrade.

- 5.4.43. On the other hand, pension expenditures as a share of the GDP are high in the Republic of Serbia. They grew in particular in 2008 and 2009, as a result of extraordinary uprating, while at the same time the gross domestic product declined as a result of the economic crisis. Despite the pension freeze in 2010 and the subsequent uprating by less than the price growth rate, pension expenditures did not decrease at the expected pace. The principal reason is the increase in the number of pensioners under employee insurance by about 60 thousand since 2009.⁷¹⁸ Exceptionally small GDP growth over the past years should also be taken into account. Also, it should be noted that the total pension expenditures include the expenditures on all types of pensions – disability and survivors' pensions in addition to old-age ones, which, from a comparative perspective, is not the case in all European Union Member States
- 5.4.44. As the number of pensioners grew, the number of the formally employed declined; thus, in 2013 the insured person/pensioner ratio in employee insurance⁷¹⁹ was as low as 1.1. Revenues are, in fact, one of the central problems of the pension system, primarily because of high unemployment, but also under-reporting, i.e. payment of contributions on the minimum contribution base only.
- 5.4.45. The uprating of pensions and the general point value is the easiest and most efficient way of decreasing pension expenditures. The modality of indexation has been changed numerous times and it may be said that pensions and the general point value are currently uprated in an erratic fashion. This shows that the fiscal rules and the choice of the gross domestic product as the basis for uprating under the legislative solution of 2010, aimed at introducing automatic pension uprating, have yielded no effects.
- 5.4.46. It should be noted that, although the pension freeze and uprating of the pensions and general point value by less than the price growth rate, or even according to the proposed legal changes of 2010, certainly lead to considerable savings, this modality of uprating can seriously compromise pension adequacy. The net replacement rate already declined to 63% of the net wage in 2013, which means that it is about to decline further, to below 60%. This could not be regarded as an adequate pension, in view of the very low absolute levels.
- 5.4.47. The minimum pension under pension insurance as the instrument of securing the absolute living standard, as well as the one-off cash assistance to pensioners with low pensions, cannot be described as efficient. The minimum old-age pension under employee and the self-employed insurance is, in practice, a redistribution instrument towards those with a short pensionable service, rather than those with low earnings. That said, the minimum old-age pension recipients have possibilities of pooling income within the household and are not necessarily disadvantaged. On the other hand, survivors' pensions remain at considerably lower levels, while their recipients are inherently less likely to have possibilities of pooling income within the household. Finally, the coverage of the balance to the minimum pension, as well as the one-off assistance to pensioners with low pensions, leave about 240 thousand people above the retirement age without any income.

LINES OF ACTION

- 5.4.48. Pension decrements in case of early retirement (“penalties”) should apply to all old-age pension recipients who retire before reaching the retirement age. Specifically, the 2014 Law amendments introduce reductions only for the category of “premature old-age pensions” and/or persons who retire on the grounds of full pensionable service; however, at the same time reduction should be introduced for privileged (accelerated service pensions), with the exception of certain occupations in which life expectancy is known to be lower.

⁷¹⁸ These data pertain to employee insurance excluding military personnel.

⁷¹⁹ This ratio does not include military personnel (either in the number of pensioners or in the number of employees).

- 5.4.49. It is vital to improve collection and enhance the oversight of the wages reported and disbursed. Moreover, it is necessary to put great efforts into the collection of contributions from insured farmers and improve it.
- 5.4.50. The disbursement of one-off assistance to pensioners should be reviewed and replaced by a more adequate instrument of securing minimum income in old-age.
- 5.4.51. It is essential to consider the introduction of an instrument of securing minimum income in old age that would be more adequate than minimum pensions and that would cover the elderly without pension income as well. From the aspect of cost effectiveness, the most acceptable option would be a designated “module” for the elderly within the financial social assistance scheme, which would entail either a higher base for elderly households than the existing one, and/or a higher weight for each elderly person in the family (0.7 instead of the current 0.5).⁷²⁰
- 5.4.52. With respect to expenditures, although it seems counter-intuitive because of the high ratio of pension expenditures to the gross domestic product, much has already been done through pension system reform in the past decade. Naturally, there is room for further reform, in particular with respect to “accelerated pensionable service”, and possibilities for survivors' and disability pensions reform should be explored.
- 5.4.53. Upgrading the general point value and pensions by less than the price growth rate, although it is the most efficient way of reducing costs, is now questionable, given the significant replacement rate decline. To halt the replacement rate decline, the general point value should be upgraded by the real wage growth rate, which would ensure pension adequacy at the time of retirement, while it could be compromised over time. On the other hand, upgrading pensions by the real wage growth rate would be absolutely unacceptable in terms of costs and financial sustainability of the system, and separate modalities of upgrading the general point value and pensions would lead to wide disparities among pensioners. This problem requires thorough analysis and an adequate and balanced solution.
- 5.4.54. With regard to raising the retirement age, life expectancy must be taken into account. In that respect, the possibility of tying the retirement age to life expectancy should be considered, thus introducing automatic raising of the retirement age.

5.5. Health

LEGAL AND STRATEGIC FRAMEWORK IN THE REPUBLIC OF SERBIA

- 5.5.1. In the period 2011-2013, systemic laws were harmonised in line with health care system reform and international commitments, first and foremost with the *acquis*. Consequently, two laws amending the **Law on Health Care**⁷²¹ and two laws amending the **Law on Health Insurance**⁷²² were endorsed, as well as the **Law Amending the Law on Medicines and Medical Devices**.⁷²³ During the same period, the following laws were passed: **Law on General Products Safety**⁷²⁴,

⁷²⁰ Matković, G., Stanić, K. (2013). *Socijalna zaštita u starosti: dugotrajna nega i socijalne penzije*. Belgrade: Centar za socijalnu politiku and Fakultet za ekonomiju, finansije i administraciju, http://www.inkluzija.gov.rs/wp-content/uploads/2014/02/sipru_DTNSC_web_jan.pdf

⁷²¹ Official Gazette of RS, Nos 57/11 and 107/12.

⁷²² Official Gazette of RS, Nos 57/11 and 119/12.

⁷²³ Official Gazette of RS, No 107/12.

⁷²⁴ Official Gazette of RS, No 92/11.

Law on Patients' Rights⁷²⁵, **Law on the Protection of Persons with Mental Health Disorders**⁷²⁶ and the **Law on Health Care of Children, Pregnant Women and Women during Maternity Leave**.⁷²⁷ The public review of the draft **Law on Medical Documentation and Records in the Area of Health Care**⁷²⁸ was also completed.

- 5.5.2. **The 2011 and 2012 Amendments to the Law on Health Care** extended the right to health to children aged 15 and older, granting them the right to decide by themselves whether to accept medical intervention and to disallow insight into medical documentation. The amendments also expanded the range of categories of persons who can receive health care from the budget of the Republic of Serbia. In addition to those without income, the range now includes those in need of mandatory inoculations. Budget funds are also used in cases of targeted preventive check-ups (screenings) for malignant diseases and other illnesses for which screenings would be necessary but which are not included in the system of mandatory insurance. The group of protected persons was expanded to include single parents with children up to the age of seven (as a category protected by the Constitution) if their income is below the limit defined by the law governing health insurance. The above-mentioned law expanded social health care at the level of the province and municipality or town.
- 5.5.3. **The Amendments to the Law on Health Insurance** provided for the facilitated exercise of the rights of insured persons whose health cards are no longer valid due to failure of their employers to fulfil the legal obligation to pay contributions⁷²⁹, improved exercise of rights for dental health care⁷³⁰ and the right to an attendant and to treatment of patients suffering from rare diseases. The amendments also expanded the group of persons who may acquire the status of insured persons in line with the Law on Health Care as well as changed the procedures for adding medications to the list of medications. Aiming to contribute to raising the efficiency of centralised procurement, this Law mandated the National Health Insurance Fund (hereinafter: NHIF) to execute centralised public procurement in the name and on behalf of health care institutions. The Regulation on planning and type of goods and services purchased through centralised public procurement⁷³¹ elaborated on this provision, with an explanation that this would secure the financial sustainability of health care insurance and create conditions for aligning the operation of health care institutions with the Law on Budget System.⁷³² It further noted that health care institutions – as beneficiaries of public funds – need to assume more responsibility for financial discipline.⁷³³

⁷²⁵ Official Gazette of RS, No 45/13.

⁷²⁶ Official Gazette of RS, No 45/13.

⁷²⁷ Official Gazette of RS, No 104/13.

⁷²⁸ Ministry of Health of the Republic of Serbia. Information available at: www.zdravlje.gov.rs (accessed on January 10, 2014).

⁷²⁹ The health care institution is obliged to provide necessary services to persons with a health card. Services will be invoiced to NFHI, and the fund shall take steps to collect payment for these services from the employer.

⁷³⁰ Check-ups and treatment of oral diseases of persons who have lost certain bodily and mental functions due to an illness or injury, rendering them incapable of independently performing daily activities, or of the insured mentioned in Article 22 of this Law. These persons are entitled to check-ups and treatment of oral diseases if the income of the insured person is beneath the census established by the Law, Article 22, para. 2 thereof.

⁷³¹ Official Gazette of RS, No 29/13.

⁷³² Official Gazette of RS, Nos 62/13, 63/13 – corrigendum and 108/13.

⁷³³ However, this regulation was soon amended twice (Regulation Amending the Regulation on planning and type of goods and services subject to centralised public procurement(Official Gazette of RS, Nos. 49/13 and 59/13 – corrigendum), since the National Health Insurance Fund did not have sufficient capacities to conduct centralised procurement, which resulted in delays in the procurement of medicines, medical and dressing materials. Centralised public procurement of medicines and medical devices are now conducted successfully through a board located at the NHIF. This enabled savings of EUR 25 million in the largest procedure for the centralised public procurement of medications from the B list (medications used in outpatient and hospital treatment in health care institutions, Rulebook on the list of medications prescribed and issued at the cost of the mandatory health

- 5.5.4. Under the Law on Health Insurance (article 44), persons with disabilities who are covered by health insurance may procure medical aids at the expense of the health insurance funds. The National Health Insurance Fund prescribes the types of medical aids and indications for their use, the requirements and procedure for their procurement by the Rulebook on Medical Aids Funded under Mandatory Social Insurance.⁷³⁴
- 5.5.5. The **Law Amending the Law on Medicines and Medical Devices** created more favourable conditions for the operation and reduction of costs for manufacturers and importers of medications and medical devices, in line with recommendations of the World Health Organisation (hereinafter: WHO).
- 5.5.6. The **Law on General Products Safety** defines the conditions that must be fulfilled by products intended for human use, thus safeguarding the life and health of the population and protecting the interests of consumers. Drafting of amendments to this Law is ongoing.⁷³⁵
- 5.5.7. The **Law on Health Care of Children, Pregnant Women and Women during Maternity Leave** extends the scope of persons exercising the right to health care under mandatory health insurance to include children aged up to 18 and to pregnant women up to 12 months after delivery if they cannot exercise these rights on the basis of insurance.⁷³⁶ The estimated costs of the implementation of this Law are RSD 450-500 million, but there are no assessments as to how many persons would be covered by it on annual basis. This Law raised controversies in the public, including doubts about the violation of the right to confidential personal information as it contains a provision requiring that doctors and health care institutions to inform the National Health Insurance Fund about abortions and stillbirths (when rights under this Law are exercised). In response, the Commissioner for Information of Public Interest and Personal Data Protection issued a recommendation that submitting and processing such data should keep the number of persons to which the data will be available to the necessary minimum.⁷³⁷
- 5.5.8. The **Law on Patients' Rights** governs the rights and obligations of patients when using health care services and the exercise and protection of these rights. This Law defines 19 patients' rights in the Republic of Serbia⁷³⁸ and establishes two new institutions – advisors for the protection of patients' rights and health councils. The obligation to found and fund these institutions has been

insurance, Official Gazette of RS, Nos 7/14 and 39/14). The total savings on tenders amounts to more than EUR 30 million (Results of the work of the National Health Insurance Fund, March 2013 – January 2014. Available at: www.rfzo.rs).

⁷³⁴ Rulebook on Medical Aids Funded under Mandatory Social Insurance (Official Gazette of RS, Nos 52/2012, 62/2012 – corrigendum, 73/2012 – corrigendum, 1/2013 and 7/2013 – corrigendum). Article 55 (typhlo-technical aids) provides for the possibility of procuring screen reader software for the Serbian language, which helps blind persons use computers and the internet. Only blind persons (not visually impaired) covered by health insurance, specifically primary school pupils (from the fifth grade), secondary and tertiary education students and the employed, are eligible for the procurement of such software. The right is exercised on the basis of the proposal of a doctor – ophthalmology specialist and a certificate issued by the Association of the Blind, which are to be validated by the competent National Health Insurance Fund branch office. The right to the procurement and update of such software at the expense of mandatory social insurance may be exercised once in five years.

⁷³⁵ Ministry of Health of the Republic of Serbia. Information on work of the Ministry of Health for the period April 01, 2013 – June 30, 2013, Belgrade.

⁷³⁶ On the basis of the Instruction 02/5 No. 180-997/13-7 of 26 November 2013, NHIF branches were informed about the main contents of the Law, reporting obligations of health care institutions per provisions of the said Law as well as the method of invoicing for health care services provided in the defined categories of insured persons.

⁷³⁷ The Commissioner for Information of Public Importance and Personal Data Protection issued a press release on processing the personal data of pregnant women and women during maternity leave and stressed that the Government was five years late in passing the Regulation on the protection of particularly sensitive data, www.poverenik.rs/ysaopstenja/1714-obrada-podataka-o-licnosti-trudnica-i-porodilja.html.

⁷³⁸ The 2002 European Charter of Patients Rights defines 14 rights. See: http://ec.europa.eu/health/ph_overview/co_operation/mobility/docs/health_services_co108_en.pdf

devolved to local governments.⁷³⁹ Although the Law on Patients' Rights represents a significant novelty in the health care legislation of the Republic of Serbia, the following objections are noted: the way in which patients may exercise some of the rights was not defined, nor were the criminal sanctions for health care institutions in case of failure to observe them (right to preventive screening). Some of the rights are limited by the financial status of the population (right to accessibility, right to respect of patient's time), or have been defined by the provisions of other laws (right to free choice). Pursuant to this Law, the National Health Insurance Fund passes its Rulebook on the Method and Procedure of Protection of Rights of Insured Persons of the National Health Insurance Fund⁷⁴⁰, governing the protection of the rights of insured persons through the protector of the rights of insured persons, who is remunerated by the National Health Insurance Fund and works in a health care institution.

- 5.5.9. The Protector of Rights of Insured Persons provides information on the protection of rights arising from health insurance and ensures expert and technical assistance in the exercise of these rights; the protector also informs the National Health Insurance Fund of irregularities that may serve as a basis for actions against service providers. The Advisor for the Protection of Patients' Rights has a mandate for all citizens (insured and uninsured) treated in state and private health care institutions as well as in private practice. The Advisor for the Protection of Patients' Rights offers advice and information on the protection of rights and reports to the local government's health council. The process of establishing health councils in local governments and appointing advisors for the protection of patients' rights is ongoing. The protectors of rights of insured persons, appointed by the National Health Insurance Fund, have assumed their duties. According to information from the Ministry of Health of March 2014⁷⁴¹, 142 advisors for the protection of patients' rights had been appointed in cities and municipalities throughout the Republic of Serbia (two municipalities have not appointed advisors yet) and 97 health councils had been established.
- 5.5.10. The Law on the Protection of Persons with Mental Health Disorders provides for greater rights for these patients and a changed approach to their treatment by putting health centres in charge of prevention, care, treatment and rehabilitation, and by mandating psychiatric institutions for treatment only when no other option is possible or when in the patient's best interest. The new law is also stricter with respect to sharing information about patients. The European Commission found that this law gives insufficient incentive to deinstitutionalisation and the participation of local governments in the treatment of these persons and their social inclusion.⁷⁴² The prevention of mental health disorders is linked solely to primary health care and the involved family, school, work environment and community. Further, there is no solution for the development of social support that would secure the social inclusion of persons with mental health disorders.
- 5.5.11. With a view to full implementation of the **Law on Transplantation of Organs and Tissues**⁷⁴³ and the **Law on Biomedically Assisted Fertilisation**, by-laws are being passed in accelerated procedures.⁷⁴⁴ Virtually all by-laws required for the implementation of the **Blood Transfusion**

⁷³⁹ The health council is tasked with promoting actions that improve the health of local communities and reduce inequalities in health, protect the right to health and patients' rights in the health care system, and foster inter-sectoral cooperation and partnership with NGOs and the private sector. This role has helped to overcome the frequently invoked "conflict of interest" that the Protector of Patients' Rights had in accordance with the 2005 Law on Health Care, as s/he worked for and was paid by the health care institution in which he protected patients' rights.

⁷⁴⁰ Official Gazette of RS, No 68/13.

⁷⁴¹ Implementation of the Law on Patients' Rights – Meeting of the Advisor for Protection of Patients' Rights and Representatives of the Health Council. Ministry of Health – activities: www.zdravlje.gov.rs.

⁷⁴² 2013 Serbia Progress Report, http://www.seio.gov.rs/upload/documents/eu_dokumenta/godisnji_izvestaji_ek_o_napretku/izvestaj_ek_2013.pdf

⁷⁴³ Official Gazette of RS, No 72/09.

⁷⁴⁴ Official Gazette of RS, No 72/09.

Law⁷⁴⁵ have been adopted. All three laws were passed in 2009. However, with the exception of the establishment of the Directorate for Biomedicine at the Ministry of Health⁷⁴⁶, their implementation has been delayed.⁷⁴⁷ After the passage of the **Law on the Protection of Population from Tobacco Smoke**⁷⁴⁸, no headway was recorded in the area of tobacco control in the period 2012–2013, either in terms of harmonisation with the *acquis communautaire*, or in terms of raising public awareness about risk factors or inspections of the enforcement of the ban on smoking. European Union comments also refer to the situation in the domain of contagious diseases and the limited capacities of supervision and emergency response to epidemics, recommending modernisation of equipment and staff education in this area. At least some of these shortcomings will be addressed by adoption of a new Law on Protection of Population from Contagious Diseases, currently being drafted.⁷⁴⁹

- 5.5.12. The Government adopted the **Strategy for Combating HIV/AIDS**⁷⁵⁰, to deal with the prevention and treatment of the virus and improve the quality of life of persons living with HIV. Notwithstanding, reports of European Commission call for the Strategy's more effective implementation along with public awareness raising about related risks. Progress in the treatment of rare diseases (among children, mostly) was made by the establishment of a sustainable fund (approximately RSD 130 million to be secured in the national budget per year⁷⁵¹) based on a Government conclusion⁷⁵² identifying the rare diseases to be treated as a matter of priority in 2013. A register of patients suffering from rare diseases and a national plan for rare diseases are currently being developed.
- 5.5.13. Alignment with the new European Union health programme 2014-2020, whose priorities are set out in Europe 2020, started with the drafting of a new national **strategy on public health**, and with **amendments to the Public Health Law**.⁷⁵³

STATE OF AFFAIRS IN THE AREA

- 5.5.14. The health care system in the Republic of Serbia belongs to the Bismarck model of mandatory social (health) insurance. It is essentially at a transition point between mandatory health insurance and national health service (the so-called “national health insurance”), with the Republic Health Insurance Fund (a state agency for the fiscal distribution of funds collected through social insurance contributions), without sufficient autonomy in decision-making and with significant state intervention in population health care.
- 5.5.15. Mandatory health insurance in the Republic of Serbia covers **95.8% of the population (6,866,904 insured citizens as of 31 December 2012)**; this share remains unchanged since

⁷⁴⁵ Official Gazette of RS, No 72/09.

⁷⁴⁶ 2010 Serbia Progress Report, downloaded from the website of the Office for European Integration of the Government of the Republic of Serbia:
http://www.seio.gov.rs/upload/documents/eu_dokumenta/godisnji_izvestaji_ek_o_napretku/izestaj_o_napretku_srbije_2010_sa_%20aneksom.pdf

⁷⁴⁷ 2012 Serbia Progress Report:
http://www.seio.gov.rs/upload/documents/eu_dokumenta/godisnji_izvestaji_ek_o_napretku/izve%C5%A1taj_napretku_2012.pdf

⁷⁴⁸ Official Gazette of RS, No 30/10.

⁷⁴⁹ Ministry of Health of the Republic of Serbia. Information on the work of the Ministry of Health for the period April 1, 2013 – June 30, 2013, Belgrade.

⁷⁵⁰ Official Gazette of RS, No 26/11.

⁷⁵¹ Government Conclusion 05 No. 500-3754/2013 identifying the rare diseases to be treated as a matter of priority in 2013.

⁷⁵² Based on the Law on the Games of Chance, Official Gazette of RS, Nos 88/11 and 93/12 – another law – and from the budget of the Republic of Serbia.

⁷⁵³ Dr Milan Jovanović Batut Institute for Public Health of Serbia. Available at www.batut.org.rs

2010.⁷⁵⁴ In observance of the law, health care is accessible to the entire population, including vulnerable social groups as defined in Article 11 of the Law on Health Care. In practice, employees of companies undergoing restructuring and bankruptcy face numerous problems in exercising their rights to health care, so that coverage by insurance is smaller, but there is no accurate data on the number of such persons.

- 5.5.16. Members of vulnerable groups acquire the status of insured persons⁷⁵⁵ as persons belonging to categories of the population exposed to higher risks of disease; persons in need of health care for the purpose of the prevention, curbing, early detection and treatment of diseases of major socio-medical significance; and persons belonging to vulnerable social groups unable to exercise rights to social insurance on some other grounds (see: Table 17 - Insured persons under article 22 of the Law on Health Insurance – persons whose health insurance is funded from the budget of the Republic of Serbia, Annex 1). One in five inhabitants of the Republic of Serbia acquire the status of an insured person on this basis (they account for 19% of insured persons and rank third after insured employees (42%) and pensioners (28%))⁷⁵⁶; funds for their health care are earmarked in the budget of the Republic of Serbia. As of 2007, budget transfers for this purpose have been reduced significantly: in 2011 and 2012 they were 21.5 times the earmark defined in the Law on Mandatory Social Insurance Contributions. This jeopardised the accessibility of health care not only for these population groups but also for the entire population, since the National Health Insurance Fund lacked this sum. Although equity is promoted by the legal framework as the main goal of the country's health policy, surveys⁷⁵⁷ show that members of vulnerable groups paid different fees for using outpatient and hospital care services.
- 5.5.17. In 2012, the state health sector had 355 autonomous health care institutions, according to the Regulation on the Plan of the Network of Health Care Institutions⁷⁵⁸, including four army institutions providing health care services to the entire population. **The provision of health care is organized at three levels – primary, secondary and tertiary**, with a developed network of health care institutions. Due to depopulation and migration, satellite clinics and outpatient facilities are being closed in rural areas, which hampers the accessibility of these services for rural, elderly population. The private sector, best developed at the level of primary health care, is not integrated into the health care system (in other words, private health care institutions cannot provide health care services to the population at the expense of mandatory health insurance), with the exception of private pharmacies, which in 2013 were granted the right to conclude contracts with the National Health Insurance Fund and issue prescription medications.
- 5.5.18. According to available routine health statistics data, people make **an average number of eight annual visits to primary health care**, which remains unchanged since 2010.⁷⁵⁹ This number is somewhat above the average number of visits in European countries (7.7) and the European

⁷⁵⁴ National Health Insurance Fund. Available at: www.rfzo.rs

⁷⁵⁵ Article 22, paragraphs 1 and 4 of the Law on Health Insurance (Official Gazette of RS, Nos 107/2005, 109/2005 – corr., 57/2011, 110/2012 – Constitutional Court decision and 119/2012) defines 17 groups at increased risks of disease; in need of health care for the purpose of prevention, combating, early detection and treatment of diseases of higher social and medical significance; and the disadvantaged who do not qualify for insurance under article 17 of the Law or who do not have access to rights under mandatory health insurance on the grounds of being insured persons' family members.

⁷⁵⁶ National Health Insurance Fund. 2012 Report on Financial Operations of the National Health Insurance Fund. Belgrade, April 2013.

⁷⁵⁷ Compared with data from the 2006 Population Health Survey of the Republic of Serbia. See: Arsenijević, J., Pavlova, M., Groot, W. Out-of-pocket payments for public health care services by selected exempted groups in Serbia during the period of post-war health care reforms. Available at: <http://onlinelibrary.wiley.com/doi/10.1002/hpm.2188>.

⁷⁵⁸ Official Gazette of RS, Nos 42/06, 119/07, 84/09 and 24/10.

⁷⁵⁹ Dr Milan Jovanović Batut Institute for Public Health of Serbia. Health Statistical Yearbook of the Republic of Serbia 2012, Belgrade, 2013.

Union (7).⁷⁶⁰ There are evident variations in the use of health care services per region in the Republic of Serbia, with the highest use in areas where university centres are located. Routine data on the use of the private health care sector services is unavailable due to incomplete reporting, despite the established legal obligation to that effect. The 2013 Serbia Population Health Survey⁷⁶¹ shows that 91.7% of the population of the Republic of Serbia has a selected physician – general practitioner or paediatrician, and that most of the population uses the services of general practitioners or paediatricians in state health care institutions (91%), with only 2.5% using private practices. On the other hand, a higher proportion of the population visits a stomatologist in a private practice (31%) than in a state health care institution (26.9%). Overall, private practice services were used by 15.1% of the population in 2013, more frequently by residents of Belgrade and urban settlements, females and those with the highest educational attainment.

- 5.5.19. The unmet (unfulfilled) health care needs are an important indicator of geographic, financial, cultural or physical accessibility. Almost one in five inhabitants of the Republic of Serbia over the age of 15⁷⁶² has failed to access health care services, most commonly for financial reasons (24.8%), owing to long waiting periods for the procedure (16.6%) or distance or transportation problems (5.7%).

Life expectancy at birth (see:

- 5.5.20. Table 18 - Life expectancy at birth by sex in the Republic of Serbia 2010–2012, Annex 1) is a good synthetic indicator of the health of the population, projecting the mean number of years to be lived by a person at birth, if subjected throughout the rest of their life to the current mortality conditions. The Republic of Serbia has one of the lowest indicators of life expectancy at birth in Europe. In 2012, its value was five years below the European Union average. The value of **life expectancy at the age of 65** in the Republic of Serbia is among the lowest in Europe. In 2011, the value of this indicator was 4.3 years below the European Union average (15.3 versus 19.6 years). The Republic of Serbia lags behind European Union countries to a greater extent in the values of life expectancy at the age of 65 than in the values of life expectancy at birth.⁷⁶³
- 5.5.21. Assessment of the functionality and social integration of the inhabitants of the Republic of Serbia may be made according to **problems that persons have in performing their daily activities** due to problems with vision, hearing, mobility, memory, concentration, communication or independence in dressing, eating or maintaining personal hygiene.⁷⁶⁴ Persons with disabilities include persons who stated that they have multiple problems or are completely unable to perform daily activities due to one of the above problems. Such persons account for 8% of the population of the Republic of Serbia; most live in South and Eastern Serbia region (9.4%), and the fewest in the Belgrade region (5.9%). The share of women is higher (58.2%) than men (41.8%), with the majority having problems with walking (4.7%).

⁷⁶⁰ WHO Regional Office for Europe. European Health for All Database (HFA-DB). www.euro.who.int/en/data-and-evidence/databases/european-health-for-all-database-hfa-db.

⁷⁶¹ Ministry of Health of the Republic of Serbia. Serbia Population Health Survey results, 2013. <http://zdravlje.gov.rs/showelemet.php?id=7756>.

⁷⁶² Ibid.

⁷⁶³ Healthy life years, as the number of years spent without limitations in daily activities, are a recently developed indicator of health policy and social development, linking longevity and good health. In the European Union (EU 27), the expectation for the period 2008-2010 was that men and women from birth would live 62 years in good health, without disability, and nine additional years for the persons at the age of 65. . Source: OECD, Life expectancy and healthy life expectancy at birth. In Health at a Glance: Europe 2012, OECD Publishing, http://www.oecd-ilibrary.org/social-issues-migration-health/health-at-a-glance-europe-2012/life-expectancy-and-healthy-life-expectancy-at-birth_9789264183896-4-en

⁷⁶⁴ Statistical Office of the Republic of Serbia. Final Results of the Census, Volume 8: Disability. Belgrade, 2013.

- 5.5.22. **As regards the population's self-reported health status**, according to the Survey on Income and Living Conditions data⁷⁶⁵, more than 50% of the population over the age of 18 assessed their health as good (31.3%) and very good (21.4%), while one in five asserts it is poor (17.2%) or very poor (4.2%). Almost two-thirds of the active labour population (63.2%) assess their health as good or very good, while more than 50% of persons aged 65+ (53.3%) assert their health is poor or very poor, implying that the younger population (men in particular) takes little care of their health and risky behaviours, and neglect the symptoms and signs of illness. Men older than 18 assess their health as good or very good more often, while women over 65 more frequently see their health as poor or very poor (see: Table 19 - Self-reported general health status of the adult population by age and sex, 2012, Annex 1). According to data⁷⁶⁶, most of the population of the Republic of Serbia aged 15 and over (57.8%) perceive their overall health as very good or good, which constitutes an increase compared to the corresponding survey of 2006, when this proportion was 49%.
- 5.5.23. Children are an especially vulnerable group, and the **infant mortality rate** is an important indicator of their health, especially for countries in transition. The value of this indicator decreased in the Republic of Serbia since 2010: in 2012 there were 6.2 infant deaths per 1,000 live births. This value is by one infant death lower, and two infant deaths per 1,000 live births higher, than the European Union average, putting Serbia among the countries in Europe with high infant mortality rates.⁷⁶⁷ The infant mortality rate in Roma settlements is estimated to be more than twice as high, at 13 to 1,000 live births in 2012, while the Roma under-5 mortality rate was 14 per 1,000 live births.⁷⁶⁸
- 5.5.24. One of the gravest threats to the health of the population in the Republic of Serbia is **high-risk behaviours**. Smoking rates are high – according to a public opinion poll, smoking prevalence in the period 2010–2012 was approximately 40%⁷⁶⁹, somewhat higher among men than among women, although significant results were achieved in reducing it in the first decade of this century. A total of 35.8% of the population over the age of 15 smoked on a daily basis or occasionally (33% in 2006), while smoking prevalence in the population aged 15–19 stood at 19.2%. Compared to 2006, the proportion of women who smoke on a daily basis increased (25.9% in 2013 and 24% in 2006), while no change was observed in men (33%). Alcohol abuse is also widespread and represents an important problem for public health, although there is no national response in the form of a strategy or programme. The rate of occasional or regular alcohol consumption increased to 54% from 40% in 2006. Compared to 2006, the proportion of obese population over the age of 15 also grew – from 17.3% to 22.1%.⁷⁷⁰
- 5.5.25. Of particular concern is the increase in high-risk behaviour among youth, with growing prevalence of drug and alcohol abuse as well as smoking, and coupled with violence, underscoring the need for integrated measures and prevention activities. Unhealthy diet and obesity are on the rise, among both children and adults. Obesity is present in all age groups, though less represented in urban areas compared to other regions in the Republic of Serbia.

⁷⁶⁵ Statistical Office of the Republic of Serbia. Survey on Income and Living Conditions (unpublished data).

⁷⁶⁶ Ministry of Health of the Republic of Serbia. Serbia Population Health Survey results, 2013. <http://zdravlje.gov.rs/showelemet.php?id=7756>.

⁷⁶⁷ WHO Regional Office for Europe. European Health for All Database (HFA-DB). www.euro.who.int/en/data-and-evidence/databases/european-health-for-all-database-hfa-db.

⁷⁶⁸ Statistical Office of the Republic of Serbia and UNICERF. 2014 Serbia Roma Settlements Multiple Indicator Cluster Survey, preliminary results. The reference period for the calculation of the Roma settlements child mortality rate is the first quarter of 2012.

⁷⁶⁹ Public opinion poll, Ipsos Strategic Marketing 2010, 2011 and Tns Medium Gallup 2012.

⁷⁷⁰ Ministry of Health of the Republic of Serbia. Serbia Population Health Survey results, 2013. <http://zdravlje.gov.rs/showelemet.php?id=7756>.

Almost one in six children under the age of five is overweight (14%).⁷⁷¹ According to the results of this survey carried out in 2014, approximately 5% of the boys and girls from Roma settlements are overweight.

- 5.5.26. The **environment**, in particular the poor quality of potable water and high air pollution represent significant threats to health. The poor quality of potable water is a critical problem calling for urgent solutions. Only 50% of the population obtains potable water from controlled sources. Water quality control shows samples in Central Serbia to be polluted by bacteria and algae, while the main reason for water pollution in AP Vojvodina is chemical pollution. National research into the causes and effects of water and air pollution are lacking, as are adequate multi-sectoral responses to these problems. Research conducted by the World Health Organisation on exposure to environmental risks and its effects on health assesses that 27% of the population of the Republic of Serbia has a disease related to these risks. Roma and internally displaced persons are particularly vulnerable due to poor living conditions and a lack of potable water.
- 5.5.27. The effects of the health service measured by **coverage of children aged one and two by inoculation** show a drop in the period 2010-2012. Thus, the coverage exceeds 90% for vaccination and revaccination against diphtheria, tetanus, pertussis and polio. Inoculation coverage against hepatitis B is 93.1% and against haemophilus influenza 91.3%, while coverage by vaccination and revaccination against measles, mumps and rubella is above 90%.⁷⁷² Except for vaccinations against tuberculosis and child polio, the values of inoculation coverage in the first and the second year of life were below 95% in 2013, which are the worst results ever in the past twenty years, and the consequence of discontinuing the administration of immunization due to a lack of vaccines. Therefore, the objective of systematic immunization – which includes attainment and maintenance of 95% and higher coverage of all children by the programme of mandatory immunization with all vaccines without territorial, demographic and social differences – was not achieved. Disruptions in the continuity of administering immunization appeared in 2012 for the first time, as a consequence of the lack of vaccines, which resulted in decreased coverage by vaccination and endangered the collective immunity of the population. This has also led to a rise in the incidence of contagious diseases that may be prevented by vaccination. The share of preventable contagious diseases in the total incidence of contagious diseases has been on the increase since 2010 (from 0.09% to 0.23%). According to the 2014 Multiple Indicator Cluster Survey results⁷⁷³, only 71% of the children up to the age of 3 have received all vaccines foreseen by the immunization calendar in time. Even if the period up to the time of the survey during which children could have been up to three years old, the full immunization coverage stands at 81%. The coverage by immunization, in particular by full immunization, is considerably lower for children from Roma settlements; thus, only 13% of the children are fully immunized in time, and 44% by the time of the survey when they could have been up to three years old. In the course of this period, the number of adult citizens regularly vaccinated against seasonal flu dropped significantly, due to a loss of confidence in vaccination. In 2012, 11.7% of registered beneficiaries 65+ received the vaccination against seasonal flu, one percentage point lower than in 2011.⁷⁷⁴

⁷⁷¹ Statistical Office of the Republic of Serbia and UNICEF, 2014 Serbia Multiple Indicator Cluster Survey and 2014 Serbia Roma Settlements Multiple Indicator Cluster Survey, preliminary results.

⁷⁷² Dr Milan Jovanović Batut Institute for Public Health of Serbia. Health Statistical Yearbook of the Republic of Serbia 2012, Belgrade, 2013.

⁷⁷³ Statistical Office of the Republic of Serbia and UNICEF, 2014 Serbia Multiple Indicator Cluster Survey and 2014 Serbia Roma Settlements Multiple Indicator Cluster Survey, preliminary results.

⁷⁷⁴ Dr Milan Jovanović Batut Institute for Public Health of Serbia. Report on Improvement of the Quality of Work in the Health Care Institutions of the Republic of Serbia in 2012. Belgrade, 2013.

5.5.28. Early detection can change the course of a disease, increase survival rates, improve quality of life and reduce costs in the health care system. However, screening, as a method of early disease detection, has not been carried out systematically so far. It was only in 2009, when the national programme “Serbia against Cancer”⁷⁷⁵ was adopted, that the requirement for preventive action and **screening for the most common malignant diseases: cervical and breast cancer in women and colon cancer in both sexes**, were introduced. In 2013, three updated national programmes for early cancer detection were adopted by Government regulations: National Programme of Early Detection of Breast Cancer, National Programme of Early Detection of Cervical Cancer, National Programme of Early Detection of Colorectal Cancer.⁷⁷⁶ Despite European Union projects supporting screenings, coverage of the target population is not yet satisfactory. According to the data of the Institute for Public Health of Serbia, in 2013, 8.8% of the women aged 25–69 were covered by screening for early detection of cervical cancer at the primary health care level, 3.3% of the women aged 49–69 were covered by mammography examinations, and 7% of the adult population of both sexes over the age of 50 was covered by screening for colon cancer by taking a blood in stool test.⁷⁷⁷ The Central Serbia Cancer Register, designed as a population register, is a significant source of data on malignant diseases morbidity and mortality. However, this database does not contain five-year survival rates for cervical cancer, breast cancer or colon cancer, which are required by Eurostat and other international mortality databases.

Indicators on the efficiency of the health care system show lower values than in European Union countries both in primary health care and in secondary and tertiary health care (see:

5.5.29. Table 20 - Use of health care in the period 2010–2012, Annex 1). The **hospitalisation rate**, showing the use of hospitals, has remained unchanged over the past three years (17.9 inpatient episodes per 100 inhabitants). The **average length of stay** dropped from 8.4 days in 2010 to 8.15 in 2012, with large variations among hospitals and certain wards, as a consequence of inefficient operations. The **average daily bed occupancy rate** also dropped over the past two years: from 73% to 69.7%. This being said, some wards are half empty (paediatrics, dermatology). The number of beds for geriatrics and palliative care and in treatment wards is insufficient, which implies a rigid structure, poor organization and low productivity.⁷⁷⁸ Two studies on primary health care efficiency show that the capacities of health centres are not maximised.⁷⁷⁹ The small share of preventive check-ups out of the total number of all check-ups at the level of primary health care is particularly concerning – a mere 4% in 2012.⁷⁸⁰

⁷⁷⁵ National programme “Serbia against Cancer”: www.zdravlje.gov.rs/downloads/Zakoni/Strategije/Nacionalni_Program_Srbija_Protiv_Raka.pdf.

⁷⁷⁶ National Programme of Early Detection of Breast Cancer, National Programme of Early Detection of Cervical Cancer, National Programme of Early Detection of Colorectal Cancer. Official Gazette of the RS No 73/2013.

⁷⁷⁷ Dr Milan Jovanović Batut Institute for Public Health of Serbia. Report on Improvement of the Quality of Work in the Health Care Institutions of the Republic of Serbia in 2013. Belgrade, 2013.

⁷⁷⁸ Dr Milan Jovanović Batut Institute for Public Health of Serbia. Report on Improvement of the Quality of Work in the Health Care Institutions of the Republic of Serbia in 2012. Belgrade, 2013.

⁷⁷⁹ Dr Milan Jovanović Batut Institute for Public Health of Serbia. Health Statistical Yearbook of the Republic of Serbia 2012. Belgrade, 2013.

⁷⁸⁰ World Bank. Serbia: Baseline Survey on Cost and Efficiency in Primary Health Care Centers before Provider Payment Reform. World Bank, 2008a; WHO Regional Office for Europe. Evaluation of the organization and provision of primary care in Serbia. A survey based project in the regions of Vojvodina, Central Serbia and Belgrade. Copenhagen:WHO, 2010.

- 5.5.30. The introduction of mechanisms for increasing the health care system efficiency and the health professionals' productivity is difficult. **Capitation**, as a method of payment for selected physicians in primary health care, was implemented in 2013 after a delay. It includes three components: rationality, efficiency and prevention. The implementation of capitation rendered symbolic differences in rewarding productivity. A physician may be granted an 8% higher salary for increased performance; the demotivating sum has given way to the dissatisfaction of health care workers.⁷⁸¹ Another objection to the new payment method is that it involves cumbersome administration, a complicated calculation system, a lack of work standards and norms, and high variations in the workload and quality of health care services. The implementation of a new method of payment for hospitals by **diagnosis-related groups** is only beginning, following extensive training of health care workers and preparations for the collection of adequate data. A new method of reporting by hospitals, which will allow for the application of diagnosis-related groups, was launched in January 2014.
- 5.5.31. The **safety of patients** in the Republic of Serbia is measured by numerous indicators, as provided by the Rulebook on Indicators of the Quality of Health Care.⁷⁸² However, quality data are insufficient due to under-registration and under-reporting of incidents in the health care system. Health care workers do not understand the need to record and analyse these events in order to take proactive measures and reduce their frequency. The situation is similar with respect to recording hospital and surgical-wound infections,⁷⁸³ Sterilization in health care institutions is not checked sufficiently frequently⁷⁸⁴, which potentially leads to a rise in the number of hospital and surgical-wound infections,
- 5.5.32. In 2013, beneficiary satisfaction with the work of the health care service⁷⁸⁵ in primary health care (covering all three primary health care services – general medicine, child health care and women's health care) was graded an average 3.9, which is the lowest grade since 2009. The most frequent reason for dissatisfaction with primary health care is the waiting period for scheduled check-ups. The mean grade of satisfaction with hospital treatment in 2013 was 4.3 and remained unchanged relative to 2012, with hospital accommodation and food receiving the lowest marks.⁷⁸⁶
- 5.5.33. Performance indicators of the entire health care system are **perinatal mortality and maternal mortality**, classified into a group of context indicators. In a country where prenatal health care is well organised, where more than 99% of deliveries take place in health care institutions with professional assistance and where support to the mother and newborn baby is ensured up to a year after birth, any mortality of the mother or the baby is an indicator of the (lack of) quality in the health services and the impact of their performance on the health of the population. In 2011, the perinatal mortality rate (in the Republic of Serbia, the number of still births and infant deaths in the first week of life per 1,000 deliveries) was 8.8; the maternal mortality ratio (number of deaths during pregnancy, in childbirth and shortly after childbirth per 100,000 live births) was 9.1 in

⁷⁸¹ Communiqué of the Serbian Medical Chamber, trade unions and Associations of General Practitioners: Review Capitation Formula. Serbian Medical Chamber Gazette, September 2013.

⁷⁸² Official Gazette of RS, No 49/10.

⁷⁸³ Dr Milan Jovanović Batut Institute for Public Health of Serbia. Report on Improvement of the Quality of Work in the Health Care Institutions of the Republic of Serbia in 2012. Belgrade, 2013.

⁷⁸⁴ Ibid.

⁷⁸⁵ The focus of the health care system on beneficiaries/patients and its responsibility for non-medical expectations of the population are most frequently evaluated by assessments of beneficiary satisfaction with the work of health care service. These have been conducted in the Republic of Serbia since 2005 based on a one-day population of beneficiaries of primary health care and on a weekly population of patients discharged from hospitals.

⁷⁸⁶ Dr Milan Jovanović Batut Institute for Public Health of Serbia. Analiza zadovoljstva korisnika zdravstvenom zaštitom u državnim zdravstvenim ustanovama Republike Srbije 2013. године. Belgrade, 2014.

2011 and 14.9 in 2012 (see: Table 21 - Maternal mortality ratio and child mortality rates in the Republic of Serbia 2010–2012, Annex 1). Both values are above the European Union average.⁷⁸⁷

- 5.5.34. Perinatal mortality is the largest contributor to the overall infant mortality. The number of perinatal deaths in the Republic of Serbia in the period 2010–2011 increased from 49.3 to 60.1, while the combined neonatal and post-neonatal mortality rate recorded a 10.8% decrease. The perinatal mortality rate differs significantly among regions and districts.⁷⁸⁸ One third of all maternity wards in the Republic of Serbia have fewer than 500 deliveries per year. At the same time, there are relatively large regional maternity wards, inadequately equipped and understaffed, with more than 2000 deliveries per year. In both cases, there is a risk to newborns' and mothers' health in cases of complications, either owing to insufficiently experienced health staff or inadequate equipment. Only 40% of the babies at risk are born in inter-regional gynaecological and obstetric hospitals (Belgrade, Novi Sad, Kragujevac, Niš) with neonatal intensive care wards, while the health of most high-risk newborns depends on transportation, which is not always available.
- 5.5.35. High maternal mortality points to compromised health of women of reproductive age. Women use traditional birth control methods (40%) more often than modern methods (18%), which is a factor contributing to the large number of abortions. One in three women at the age of 45–49 has had at least one abortion.⁷⁸⁹ The proportion of women from Roma settlements who use modern birth control methods is even lower (7%), and the proportion of those aged 45–49 who have had at least one abortion is higher (56%). Almost all women received professional assistance in childbirth, but a concerning development is the high and growing rate of Caesarean sections (29%), many of which were arranged beforehand.⁷⁹⁰ A favourable indicator is the high coverage of women by health care during pregnancy, as 94% had at least four visits to a physician during pregnancy, when they received the necessary services, although the management and quality of prenatal and perinatal health care are inadequate, as indicated by the maternal mortality ratio.
- 5.5.36. One feature relevant to the health of citizens of the Republic of Serbia is the enormous burden of diseases that may be prevented and/or result in early death. Blood circulation disorders (53.7% in 2012), malignant diseases (21.2%), respiratory system illnesses (4.9%), digestive system illnesses (3.3%) and injuries, poisonings and other external factors (3.2%) prevail in the **structure of mortality**. The share of the group that includes symptoms, signs and insufficiently defined conditions remains high (4.5%) as a consequence of incomplete diagnostics or incorrect coding of the causes of death.⁷⁹¹ Women die more often from blood circulation disorders (by 10%), and men from malignant diseases (5.3%) and injuries, poisonings and other external factors (3%). The causes of death remain practically unchanged since 2010, with a small decrease in mortality caused by blood circulation disorders and a negligible increase of deaths caused by malignant diseases. The Serbia Population Health Survey⁷⁹² data show that the most prevalent disease, as reported by the respondents, was elevated blood pressure (31.3%). As the survey included blood pressure measurement, 47.5% of the population over the age of 20 was found to have hypertension or potential hypertension, which corresponded to the findings of 2006.

⁷⁸⁷ WHO Regional Office for Europe. European Health for All Database (HFA-DB). www.euro.who.int/en/data-and-evidence/databases/european-health-for-all-database-hfa-db.

⁷⁸⁸ Statistical Office of the Republic of Serbia, DevInfo, <http://devinfo.stat.gov.rs/DI6Web/DIWizard/DIWizardPreviews.aspx>

⁷⁸⁹ Statistical Office of the Republic of Serbia and UNICEF, 2014 Serbia Multiple Indicator Cluster Survey and 2014 Serbia Roma Settlements Multiple Indicator Cluster Survey, preliminary results.

⁷⁹⁰ Ibid.

⁷⁹¹ Dr Milan Jovanović Batut Institute for Public Health of Serbia. Health Statistical Yearbook of the Republic of Serbia 2012. Belgrade, 2013.

⁷⁹² Ministry of Health of the Republic of Serbia. Serbia Population Health Survey results, 2013. <http://zdravlje.gov.rs/showelemet.php?id=7756>.

- 5.5.37. The Republic of Serbia spends a relatively high percentage of GDP on health care (10.4% in 2011) in comparison to other countries at a similar level of development. This share remains unchanged since 2007.⁷⁹³ The biggest share of **total costs for health care is in the public sector** (62%), and the remaining in **private** (38%); the ratio changed slightly in 2011 with an increase in the public sector share. **Out-of-pocket expenditures for health care** represent the highest share of private expenditures (95.6%). Owing to a relatively low gross domestic product, health care expenditure per capita is low, amounting to 620 in 2012 (as per purchasing power standard – PPS), which constitutes an increase relative to 2010 (552).
- 5.5.38. Even though primary health care is formally the basis of, and the priority for, health care system development, **inpatient care costs** in the state sector amount to more than 50% of public expenditures for health care (57.2% in 2011), with a slight drop of 2% relative to 2010. At the same time, **total expenditures for medicines** increased; thus, in 2011 they accounted for almost one-third of the total expenditures for health care (31.3%). In contrast, **expenditures for prevention and public health services**, as a share of total expenditures, have been decreasing since 2003 and have represented 6.3% over the past two years.⁷⁹⁴ Bearing in mind the amount of GDP spent on health care and the impact of health services on citizens' health, the conclusion ensues that the allocative efficiency of the health care system is small (see: Table 22 - Health care expenditure indicators, Annex 1).
- 5.5.39. The **density of physicians in the Republic of Serbia**, at 307 per 100,000 inhabitants in 2012, was somewhat below the European region average (334 per 100,000) and the European Union average (346 per 100,000), but it is higher than in all the former Yugoslav republics. In the same year, the **density of nurses** was 627 per 100,000 inhabitants, i.e. significantly below the average for the European region (766 per 100,000) and the European Union average (835.5 per 100,000). Of the countries in the region, only Slovenia has a better density of nurses.⁷⁹⁵ Regional disparities are also large with respect to coverage by medical staff in the Republic of Serbia, which cannot be explained by differences in the health status of the population, the age structure or by problems related to health care services. The best coverage is recorded in university centres, while poor coverage in remote, rural areas further complicates the population's access to health care services.
- 5.5.40. The health care system in the Republic of Serbia operates in exceptionally dire financial circumstances, with the 2012 debt to the Republic Health Insurance Fund amounting to almost one-half of the funds that the Fund collects annually. One-third of all income cannot be collected due to companies that have been liquidated; another half is owed by companies undergoing restructuring and an additional part by public enterprises⁷⁹⁶, thus **gravely compromising the sustainability of the system**. The State has not secured financial discipline in the collection of social insurance benefits, nor does the budget earmark the legally prescribed funds for the health care of vulnerable social categories, which threatens the health of all inhabitants of the Republic of Serbia and the provision of health care services to the population.

MEASURES AND PROGRAMMES

⁷⁹³ Global Health Expenditure Database. Available at: <http://apps.who.int/NHA/database/standardreport.aspx?ID=Serbia-NationalExpenditureonHealth>.

⁷⁹⁴ Global Health Expenditure Database. Available at: <http://apps.who.int/NHA/database/standardreport.aspx?ID=Serbia-NationalExpenditureonHealth>

⁷⁹⁵ WHO Regional Office for Europe. European Health for All Database (HFA-DB). Available at: www.euro.who.int/en/data-and-evidence/databases/european-health-for-all-database-hfa-db.

⁷⁹⁶ National Health Insurance Fund. 2012 Report on Financial Operations of the National Health Insurance Fund. Belgrade, April 2013.

- 5.5.41. Currently, the most important **national programmes** aim to combat the leading causes of death: programmes for the early detection of cervical cancer⁷⁹⁷, breast cancer⁷⁹⁸ and colorectal cancer⁷⁹⁹, as well as the National Programme for the Prevention, Treatment and Control of Cardiovascular Diseases in the Republic of Serbia until 2020.⁸⁰⁰ The objective of these programmes is to reduce the incidence of illness and death caused by these diseases through early detection and timely and efficient treatment. In December 2012, the Ministry of Health, in collaboration with the network of public health institutes, launched organised screening programmes in local governments.⁸⁰¹
- 5.5.42. Over the last two years, the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria has approved projects to **combat HIV**⁸⁰² and **control tuberculosis**⁸⁰³ in the Republic of Serbia. In order for the state response to be successful and efficient, project activities need to involve the system's institutions as well as non-governmental organisations. Implementation of these projects thus represents a true example of inter-sectoral cooperation.
- 5.5.43. Within the framework of the **Programme of Improvement of Health and Health Care of Roma**, significant results were achieved by introducing Roma health mediators. To date, 75 health mediators have been recruited in 59 local governments in the Republic of Serbia. Their role is to increase the accessibility of health care to the Roma population through outreach work with the aim of increasing the coverage of children by vaccination, more frequent contacts with the health care services, health awareness raising activities and the exercise of the right to health insurance. During first-time visits, in the period January 2009 – April 2013, a total of 131,495 Roma were covered and registered; 34,974 visits to Roma families were made; health insurance provided to 13,942 Roma; 24,304 selected a physician; 9,608 Roma women selected a gynaecologist; and 22,586 children and 2,538 adults were vaccinated. Assistance was also provided to families in the form of financial social assistance, child allowance, one-off assistance, etc.⁸⁰⁴ An economic analysis of the introduction of Roma health mediators into the system of public health institutions in the Republic of Serbia⁸⁰⁵ has shown the impact of this programme on the health and living standards of the Roma.

⁷⁹⁷ National Programme of Early Detection of Cervical Cancer, Official Gazette of RS, No 73/13.

⁷⁹⁸ National Programme of Early Detection of Breast Cancer, Official Gazette of RS, No 73/13.

⁷⁹⁹ National Programme of Early Detection of Colorectal Cancer, Official Gazette of RS, No 73/13.

⁸⁰⁰ Official Gazette of RS, No 11/10.

⁸⁰¹ Organised screening for breast cancer (target population comprises women aged 50–69) is carried out in 19 Serbian municipalities and cities. By May 31, 2014, 34% of the women were invited, somewhat above one half (53%) responded to the invitation to mammography examinations, and 159 cases of breast cancer were detected. Organised screening for cervical cancer (target population comprises women aged 25–64) is carried out in 15 local governments. By May 31, 2014, 61.6% of the women were invited, 59.7% responded, and cervical cancer was pathohistologically confirmed in 41 women. Organised screening for colon cancer (target population comprises persons of both sexes aged 50–70) is carried out in 26 Serbian municipalities and cities, 18.6% of the target population was invited, 61.3% responded, and cancer was confirmed in 61 persons. In all three programmes, the response of the target population is unsatisfactory; this requires additional efforts towards disseminating information and motivating the population to participate in the national programmes.

⁸⁰² Support in combating HIV/AIDS. Available at: www.hivpodrska.org.rs.

⁸⁰³ Project for tuberculosis control in Serbia. Available at: www.tbc.zdravlje.gov.rs.

⁸⁰⁴ Ministry of Health of the Republic of Serbia. Fourth Symposium of Health Mediators – Challenges and Achievements of Health Mediators. Obrenovac, February 14, 2013 – February 16, 2014.

⁸⁰⁵ The effects are manifested in the extension of life expectancy of Roma by reducing mortality rates and pecuniary savings at the level of primary health care and decreasing expenditures for hospital treatment. The non-material benefits relate to a more efficient exercise of rights to health care and social welfare, the inclusion of children in the education system and the reduction of poverty among the Roma. Dinkioć, M., Branković, A. *Ekonomska analiza uvođenja romskih zdravstvenih medijatoriki u sistem javno-zdravstvenih ustanova Srbije*. Institute of Economic Sciences, Belgrade, 2011.

- 5.5.44. The grants awarded to local governments between 2011 and 2014 within the second component of the “**Delivery of Improved Local Services**” (DILS)⁸⁰⁶ project for the purpose of enhancing the accessibility of health care to vulnerable groups yielded positive effects, especially on older citizens in rural area, persons with disabilities, the unemployed and uninsured population.⁸⁰⁷

CONCLUSIONS

- 5.5.45. The laws and regulations adopted in the period 2010-2013 provide for better protection of the rights of beneficiaries and patients to health care, and extend the coverage of persons entitled to health insurance to also include special categories of persons who are not insured (children up to the age of 18, pregnant women, women during maternity leave and single parents of children up to age seven). Expansion of coverage by mandatory health insurance, though justified in the circumstances of financial crisis, requires at the same time a thorough assessment of the financial implications for the state budget and organisational implications to the health care system.
- 5.5.46. The legislation governing the health care system of the Republic of Serbia is being aligned to the *acquis communautaire*. A number of significant laws and numerous implementing by-laws have been adopted. Nevertheless, a number of laws and by-laws are still missing. The most important comment in the European Commission's progress reports on Serbia over the past three years has been that continuous capacity building is required in the area of consumer and health protection, with a view to enhanced implementation of the legal framework and a special emphasis on the need for more effective institutional coordination among all relevant stakeholders.⁸⁰⁸
- 5.5.47. Despite the adequacy of the regulatory framework, inequalities remain in health and health care between vulnerable social groups and the majority population. Notably, the differences are evident in health status, accessibility and use of health care services, level of satisfaction by the services provided and out-of-pocket payments for the services received. A particular group among the vulnerable are workers employed in companies undergoing liquidation and restructuring who, although formally entitled to rights related to health care, face practical obstacles in exercising them. One in five citizens of the Republic of Serbia (19%) has experienced vulnerability and, on that basis, enjoys the right to social insurance funded by budget transfers. The funds earmarked for these purposes are less than one twentieth of those provided for by the Law, which leads to widening inequity in health care for these groups and compromises the provision of health care to the entire population of the Republic of Serbia. The closure of satellite clinics and outpatient facilities in rural areas has resulted in lower accessibility of these services to the rural, predominantly elderly population.
- 5.5.48. Build on the establishment of health councils at the municipal level, which represented the first step towards the implementation of concrete instruments that establish the responsibility of key stakeholders for health and the most important factors resulting in health inequalities. Building the capacity of health council members, developing specific programmes for improving community health and monitoring and assessing their impacts, as well as observing the right to health and patients' rights represent a grave challenge for the future.

⁸⁰⁶ Delivery of Improved Local Services – DILS. The project aims to enhance capacities in the sectors of health, education and social protection at the local level for the provision of effective services of a more standardised quality to beneficiaries. The Government implemented this project in the period early 2009-late 2012 with a World Bank loan totalling EUR 32 million.

⁸⁰⁷ With a view to enhancing health care accessibility, 44 grants were awarded to local governments in 2011, followed by 24 in 2012 and 2013, with an additional 10 grants aimed at enhancing the accessibility of dental health care to vulnerable groups in 2012 and 2013.

⁸⁰⁸ European Commission (2013), Serbia Progress Report, downloaded from the website of the Office for European Integration of the Government of the Republic of Serbia, http://www.seio.gov.rs/upload/documents/eu_dokumenta/godisnji_izvestaji_ek_o_napretku/izvestaj_ek_2013.pdf.

- 5.5.49. The health care services' operation efficiency is unsatisfactory in terms of the coverage of children aged 1 and 2 by vaccination, the coverage by screening for breast, cervical and colon cancers as well as the performance indicators for primary and secondary health care. In 2013, extensive preparations for improving the organisation of screening in the Republic of Serbia were undertaken by strengthening human resources competencies to deliver this programme and procuring new equipment. Roma health mediators are showing good results as they link the health care system with the Roma population within the framework of the Programme of Improvement of Health of the Roma. The State response to the HIV epidemic and TB control within the framework of the project funded by the UN Global Fund to Fight HIV/AIDS, TB and Malaria has also shown good results.
- 5.5.50. The cost-benefit ratio of the investments in health care system development and reforms to the value of population health improvement achieved with those funds leaves plenty of room for improvement. The financial sustainability of the health care system has been threatened by the consequences of the global financial crisis, increased risk of vulnerability and aggravated conditions of the National Health Insurance Fund, to which companies undergoing restructuring and liquidation and some public companies owe almost 50% of the income the National Health Insurance Fund collects on annual basis.

LINES OF ACTION

- 5.5.51. More consistently implement national strategies, programmes and adopted laws. Introduce regular follow-up and reporting on their impact. With respect to newly endorsed legislation, ensure thorough analyses of the potential scope of work and a cost assessment of their implementation. At the same time, prepare for new strategies and programmes (the majority will end by 2015) and align them with the objectives and priorities of the Third European Union Programme in the Health Sector (2014-2020) and the strategy "Together for Health". The new strategies and programmes should include equality in health as one of their key objectives and promote the design of incentives and activities directed at health determinants, in particular, behavioural risks and social and economic determinants of health as drivers of inequality in the health sector. The gender dimension of the problems pertaining to the health and well-being of the population, in particular vulnerable groups, should be mainstreamed in all strategies and programmes.
- 5.5.52. In addition to legal protection mechanisms, with a view to addressing stigmatisation of and discrimination against vulnerable groups in the health care system, policies and programmes directed at problems resulting in vulnerability or risk of vulnerability should be developed. Partnership with the civil sector is particularly significant, as it can complement government capacities to face these challenges. Enhanced awareness of the entire population, especially vulnerable groups, of their right to health, joint efforts towards the exercise of rights and non-governmental organisations' assistance in the safeguarding of rights may result in a "client-centred" health care system, which is a priority in its development and functioning. This is particularly relevant to advancing the status of the Roma and improving their health; in this respect, all necessary measures must be taken to ensure the respect of their legal rights to mandatory health insurance in cases when they do not have permanent residence, whereby the access of this extremely vulnerable group to health care will be enhanced. It is necessary to increase the number of health mediators and recruit them in the local governments in which there are currently none.

- 5.5.53. Bearing in mind the demographic ageing of the population in the Republic of Serbia and the needs of the elderly for health and social care services, the absence of programmes and services for those over 65 years of age as well as a lack of institutions for their long-term care is a grave deficiency. Even when they do exist, these services are available only to the elderly in urban areas, while in rural areas, where the elderly comprise a majority of the population, those without access to health care are compelled to rely on the assistance of immediate or extended family members. Better insight into the needs of the elderly, better organisation of home care and assistance as well as polyvalent patronages in health centres in remote areas, along with the establishment of mobile teams, may improve the health and quality of life of the elderly in rural areas.
- 5.5.54. The relatively high infant mortality by European standards, especially in the perinatal period, and the high maternal mortality call for better organisation, equipment and functioning of maternal and child health care services, both at the primary health care level and above. It is essential to strengthen family planning programmes, in particular those targeting youth, who engage in sexual relations at an increasingly early age. Humanising childbirth, accompanied by promoting natural childbirth, is important owing to the high rate of Caesarean sections. Grouping neonatal intensive care resources in major regional and inter-regional maternity wards, with the provision of timely and adequate transportation, could significantly improve the access to health care services for newborns, in particular those at high risk for survival.
- 5.5.55. It is of key importance to increase the efficiency of health services at all levels of health care, with permanent gains in the health status of citizens. Increased efficiency of health care workers may be achieved by introducing new payment models. The capitation formula should include several elements of productivity and quality of work, while payment of hospitals as per diagnosis-related groups should be implemented faster on the ground and accompanied by the development of new contracting methods with the National Health Insurance Fund.
- 5.5.56. The preconditions for the development of the health care system include the introduction of a culture of continuous advancement in the quality of care and the safety of patients. Currently, these rank among the most significant intermediary objectives of the health care system that improve health outcomes and the satisfaction of beneficiaries and patients with the services provided. The progress achieved by monitoring the quality of care and patient safety indicators and by ranking health care institutions by performance should be enhanced through introducing incentives to service providers with higher-quality work and higher patient and staff satisfaction, assessed routinely on an annual basis.
- 5.5.57. Strengthened planning of the system's human resources, aligned with the real needs for different professionals and the financial capacities of society, is also very important. Human resources planning should include the state and private health sectors, as well as other sectors employing health care workers – military medical service, social welfare, roads, police (including prisons). Policies for enrolment in schools and faculties should be aligned with the requirements of the health care system, and the progress achieved by introducing work licences should be solidified through continued training on the acquisition of modern skills for practical work and the application of new technologies.
- 5.5.58. High-risk behaviour of youth and adults (smoking, alcohol and drug use, unhealthy diet and physical inactivity) represents a long-term challenge for health care services. In addition to upgrading health professionals' knowledge and skills in the area of health promotion, population health would also be improved in the long term and the incidence of preventable diseases reduced by developing and improving prevention programmes and activities and increasing their share in health professionals' daily work.

- 5.5.59. Health care funds should be reallocated to improve the impact of the health care system on population health. Funds should be redirected from curative to public health programmes and programmes for the prevention of diseases representing the highest burden on society (cardiovascular and malignant diseases).
- 5.5.60. Agree on indicators on inequality in health at the national and local levels, and monitor and report on them regularly. Importantly, introduce mechanisms for pooling funds to reduce inequality and precisely define the expected outcomes for each sectoral initiative, as well as responsibility for their implementation, possibly by strengthening coordination of all activities related to reducing poverty and social exclusion along with inter-sectoral cooperation.
- 5.5.61. It is essential to promote the need to address the issue of equality in health, social and economic determinants of health and the vulnerability of specific social groups by the whole-of-government and whole-of-society approaches. The nature of management towards equality in health, including an equitable and sustainable approach to growth and development, entails stronger coherence of national policies, higher financial accountability on the part of the Government for the health care of vulnerable groups, as well as support to the management and development of accountability tools.

5.6. Housing

LEGAL AND STRATEGIC FRAMEWORK IN THE REPUBLIC OF SERBIA

- 5.6.1. The measures prescribed under the current **Housing Law**⁸⁰⁹, regarding the obligation of the state to create conditions conducive to fulfilment of housing needs of socially vulnerable persons, over time became obsolete or were discontinued. The law provides for the cases of forced eviction without prior court decision, based on decisions of the competent local authority, while appeals against the decision do not have suspensory effect. These procedures and practices are not aligned with international standards, which was also highlighted in the Serbia 2013 Progress Report.⁸¹⁰
- 5.6.2. The passage of the **Law on Social Housing**⁸¹¹ introduced a general legal framework for the development of social housing in the Republic of Serbia. As part of the implementation of the law, the Government adopted the **National Social Housing Strategy**.⁸¹² The strategy defined the basic lines of action in the housing sector, which included: establishment and development of social housing institutions; increase of the scope and diversity of housing solutions (including the construction of social housing units); increase of housing affordability to low-income households (both tenant/subtenants and property owners) through subsidised housing costs, or subsidised purchase of housing units; promotion of the rental of housing in all types of ownership; establishment of housing construction standards and enhancement of the existing housing stock;

⁸⁰⁹ Official Gazette of RS, Nos 50/92, 76/92, 84/92, 33/93, 53/93, 67/93, 46/94, 47/94, 48/94, 44/95, 49/95, 16/97, 46/98, 26/01 and 101/05.

⁸¹⁰ European Commission (2013). Serbia 2013 Progress Report, accompanying the document Communication from the Commission to the European Parliament and the Council, Brussels, accessed on January 13, 2014 at: <http://www.seio.gov.rs/документа/ев-документа.187.html>.

⁸¹¹ Official Gazette of RS, No 72/09.

⁸¹² Official Gazette of RS, No 13/12.

introduction of instruments for prevention and reduction of homelessness⁸¹³; improvement of housing conditions for people living in informal (substandard) settlements.

- 5.6.3. **The Action Plan for Implementation of the Social Housing Strategy** has been adopted, stipulating activities, estimating the required funds for implementation and suggesting the possible sources of funding and the institutions competent for implementation of the planned measures. **The Decree on the Standards and Norms of Planning, Designing, Construction and on the Conditions for Use and Maintenance of Social Housing Units**⁸¹⁴ has been prepared, specifying the general and technical conditions, including the spatial standards of housing units relative to the number of household members. The Decree also stipulates the conditions for use and maintenance of housing units (including lease agreement provisions), as well as the method for calculating the amount of non-profit rent, as well as the conditions for exercising the right to subsidized rent (housing allowance) for social housing tenants in the public housing sector.
- 5.6.4. Two laws were passed with a view to transferring illegal construction into the legal sphere and establishing ownership records in the territory of the Republic of Serbia, namely: **the Law on Special Conditions for Registration of Title to Property Constructed without a Building Permit**⁸¹⁵, which regulates the conditions for registration of ownership rights over illegally built real property, and over the building land on which the real property is built, and the **Legalisation Act**⁸¹⁶, which provides for the possibility of subsequently obtaining building and/or occupancy permits for illegally constructed buildings. Local governments may provide incentives in the legalisation process to owners of illegally built property who resolved their housing problems in this way.
- 5.6.5. The Rulebook on Energy Efficiency of Buildings⁸¹⁷ and the Rulebook on the Conditions, Content and Manner of Issuance of Certificates of Energy Performance of Buildings⁸¹⁸ were also adopted. The rulebooks refer to ten categories of buildings, including the houses comprising a single housing unit and apartment buildings with several housing units. The rulebooks are aimed at contributing to more energy-efficient construction and energy saving in the use of buildings, at reducing housing costs by decreasing the heating, air conditioning, ventilation and other costs, as well as at increasing the housing comfort.
- 5.6.6. For the purpose of subsidising disadvantaged customers' costs of electricity and gas, the **Decree on Protected Energy Customers** was adopted⁸¹⁹ and subsequently replaced by the **Decree on Protected Energy Customers and Vulnerable Heating Customers**⁸²⁰, which also included benefits for customers of thermal energy. The eligibility of vulnerable households to reduction of monthly bills depends on their monthly income, number of household members and property status. Financial social assistance and/or child allowance beneficiaries are awarded the status of protected customers without the obligation to resubmit their documentation.
- 5.6.7. **The Law on Social Welfare**⁸²¹, within various groups of social welfare services, provides for certain types of care services, such as supported housing as part of the support services for

⁸¹³ The strategy is based on the ETHOS Typology on Homelessness and Housing Exclusion, formulated by the European Federation of National Organisations Working with the Homeless – FEANTSA, www.feantsa.org.

⁸¹⁴ Official Gazette of RS, No 26/13.

⁸¹⁵ Official Gazette of RS, No 25/13 (The Law is envisaged to stay in force until December 31, 2014).

⁸¹⁶ Official Gazette of RS, No 95/13.

⁸¹⁷ Official Gazette of RS, No 61/11.

⁸¹⁸ Official Gazette of RS, No 69/12.

⁸¹⁹ Official Gazette of RS, No 27/13.

⁸²⁰ Official Gazette of RS, No 90/13.

⁸²¹ Official Gazette of RS, No 24/11.

independent living. The group of care services also includes residential care, shelters and other types of institutional care. Pursuant to the Law, local governments have the possibility to allocate funds in their local budgets, *inter alia*, for innovative services, and some of them have been using this possibility to provide services of “social housing in supportive environment”⁸²² and to provide housing solutions for some of the beneficiaries of social welfare services through construction of housing units.

- 5.6.8. Measures aimed at addressing housing problems have been envisaged by regulations and strategic documents on certain vulnerable groups. **The amendments to the Law on Refugees**⁸²³ and **the National Strategy for Resolving the Issues of Refugees and Internally Displaced Persons**⁸²⁴ provide for various types of housing solutions for members of these groups. The housing issue was also considered in the **Strategy for Reintegration of Returnees under the Readmission Agreement**.⁸²⁵ **The Strategy for Advancing the Status of the Roma in the Republic of Serbia**⁸²⁶ highlights the improvement of housing conditions for this ethnic minority as one of its priorities. The revised Action Plan for Implementation of the Strategy until January 1, 2015⁸²⁷, specifying measures and actions for improvement of housing conditions of Roma people, has also been adopted.

STATE OF AFFAIRS IN THE AREA

- 5.6.9. According to the 2011 Population Census, the number of dwellings in the Republic of Serbia was **3,231,931, of which 2,423,208 were occupied (75% of all enumerated dwellings)**. The remaining dwellings were unoccupied (589,715 or 18%), used occasionally (201,519 or 6%) or used for economic activities (17,489 or 1%). Compared to the previous census, there was a slight increase in the total number of dwellings and the number of occupied dwellings; however, there was also a significant increase in the number of dwellings used for economic activities. **According to the 2011 Census results, 2,380,810 dwellings (98.3% of all occupied dwellings) were privately owned.** Only 21,117 occupied dwellings (0.9% of all occupied dwellings) were public property⁸²⁸, which remained unchanged in comparison with the previous census. High percentage of privately owned dwellings also existed in Romania (98.2%)⁸²⁹, as well as in Croatia (97.3%).⁸³⁰ In the Central and north-western European countries, the share of dwellings in private ownership was usually much smaller and ranged between 60% and 80% of the entire housing stock in some of the countries.⁸³¹

⁸²² Decisions on social welfare entitlements and services issued by local government units.

⁸²³ Official Gazette of RS, No 30/10.

⁸²⁴ National Strategy for Refugees and Internally Displaced Persons for the Period 2011–2014, <http://www.kirs.gov.rs/articles/navigate.php?type1=14&lang=SER&date=0>, accessed on November 18, 2013.

⁸²⁵ Official Gazette of RS, No 15/09.

⁸²⁶ Official Gazette of RS, No 27/2009.

⁸²⁷ Action Plan for Implementation of the Strategy for Improvement of the Status of Roma 2013–2014, <http://www.ljudskaprava.gov.rs/>, accessed on November 15, 2013.

⁸²⁸ For the purpose of the census, public property referred to dwellings owned by the state, autonomous province and local government units.

⁸²⁹ Comisia centrală pentru recensământul populației și al locuințelor. (2012). Locuințe conventionale pe forma de proprietate la recensământul din anul 2011, Romania, <http://www.recensamantromania.ro/rezultate-2/>, accessed on March 7, 2014.

⁸³⁰ Croatian Bureau of Statistics (2013): Census of Population, Households and Dwellings 2011, Occupied dwellings by number of rooms and ownership type, http://www.dzs.hr/Hrv/censuses/census2011/results/htm/h03_01_03/H03_01_03.html, accessed on March 4, 2014.

⁸³¹ Pittini, A & Elsa Laino, E. (2011): Housing Europe Review 2012: The nuts and bolts of European social housing systems, Brussels: CECODHAS Housing Europe’s Observatory, <http://www.housingeurope.eu/resource-122/housing-affordability-in-the-eu>, accessed on April 27, 2014.

- 5.6.10. In the Republic of Serbia, compared to the previous census, the number of occupied dwellings in urban areas increased (by about three percentage points). Thus, **the number of registered housing units in urban communities in 2011 was 1,489,982 (61% of all occupied dwellings), whereas in other areas there were 933,226 (39%) dwellings.** The largest proportion of occupied dwellings in urban areas was in the Belgrade Region and the Vojvodina Region – approximately 80% of the total number of occupied dwellings in these regions, whereas the share was the smallest in the Southern and Eastern Serbia Region – 68.5% of all occupied units in this region.
- 5.6.11. As regards **the tenure status of households**, the 2011 Census indicated that 87.5% of the total number of occupied dwellings in the Republic of Serbia were occupied by owners. Housing units for rent accounted for 6.8% of occupied dwellings (1.7% used on the grounds of lease agreements and 5.1% used by subtenants)⁸³², while 5.7% of dwellings were occupied by owners' relatives. The highest share of dwellings for rent were in the Belgrade Region (9.5%), of which 2.6% were leased and 6.9% were used by subtenants. The situation was similar in the Vojvodina Region, where the share of dwellings for rent was 7.8%. The smallest proportion of dwellings for rent (only 4.6%) was in the Southern and Eastern Serbia Region.
- 5.6.12. According to the Survey on Income and Living Conditions, **in the Republic of Serbia in 2013, 71.8% of households lived in family houses**, whereas 28.2% of households lived in flats within apartment buildings. Further, **81.1% of households lived in their own dwellings**, of which only 3.1% had mortgage or housing loans. **A total of 19.0% of households lived in rented dwellings**, of which 4.0% paid rents at full market rates, whereas 15.0% paid subsidized rent or no rent at all.⁸³³
- 5.6.13. The results of the Survey on Income and Living Conditions for 2013 showed that households whose income was above the relative poverty line more often owned their dwellings (83.0%) than households whose income was below this line (75.2%). Particularly significant was the disparity between households in these two income groups in terms of the share of households with housing loans or mortgage (4.0% compared to 0.4%). The proportion of households with income above the poverty line who rented their dwelling at subsidised rates was relatively high (12.8% of the total number of these households), while households with income below the poverty line more often lived in rented dwellings (24.8% of the total number of these households) and they mostly paid subsidized rent (21.8%). The situation in this context changed considerably compared to 2008–2009, when the share of households in the lowest income decile who lived in rented dwellings was exceptionally low.⁸³⁴ The values of indicators in the Republic of Serbia were mostly similar to average levels in the 12 new EU Member States. In comparison with the average value for EU 28, the differences were more pronounced, especially regarding the total number of tenants (29.4% in EU 28 compared to 18.9% in the Republic of Serbia) and the share of tenants in the group of households with income below the relative poverty line (47.2% in EU 28 compared to 24.8% in the Republic of Serbia).

Table 5.6.13: Households by tenure status and income categories (%)

	Republic of Serbia	EU 28	12 new EU countries
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⁸³² According to the census methodology, lease is defined as the use of a housing unit on the grounds of a lease agreement concluded for an indefinite period, whereas subtenants use an entire housing unit or a part of it for a definite period of time, based on a written or oral agreement with the owner or tenant of the dwelling.

⁸³³ Rent was subsidised for social housing units and other dwellings in public ownership. The households who did not pay rent lived in housing units constructed as part of special housing programmes (such as “housing in supportive environment”), in collective centres etc.

⁸³⁴ Government of the Republic of Serbia (2011): First National Report on Social Inclusion and Poverty Reduction in the Republic of Serbia, Belgrade, p. 217.

	(2013)			(2012)			(2012)		
	Total	60% of the median equivalised income		Total	60% of the median equivalised income		Total	60% of the median equivalised income	
		Below	Above		Below	Above		Below	Above
Owner	81.1	75.2	83.0	70.6	52.8	74.2	86.8	81.5	87.9
Owner, with mortgage or loan	3.1	0.4	4.0	27.2	12.9	30.0	9.4	3.9	10.5
Owner, no outstanding mortgage or housing loan	78.0	74.8	79.0	43.4	39.9	44.2	77.5	77.6	77.4
Tenant	18.9	24.8	17.0	29.4	47.2	25.8	13.2	18.5	12.1
Tenant, subsidized rent or free	15.0	21.8	12.8	10.9	18.3	9.4	8.9	13.5	7.9
Tenant, rent at market price	4.0	3.0	4.3	18.5	28.9	16.4	4.3	5.0	4.1

Source: Serbia – SILC; EU Member States – Eurostat.

- 5.6.14. Although the number of dwellings that failed to meet the census definition of a dwelling decreased in 2011 compared to the previous census, there were still **about 14,000 housing units that were occupied out of necessity** (e.g. train wagon, semi-trailer, tent, travel trailer), **collective housing units** (residential homes for the elderly, other types of residential care, collective centres, hostels etc.) **or occupied business premises** (e.g. shops, offices, hotel rooms). Moreover, **around 3,000 occupied dwellings** (0.1% of the total number of occupied dwellings), as well as another 21,000 dwellings which were unoccupied at the time of the census, **lacked basic installations**.⁸³⁵ The majority of occupied dwellings without basic installations (almost two thirds of the total number) were identified in the Southern and Eastern Serbia Region and the Vojvodina Region, while the fewest were found in the Belgrade Region.
- 5.6.15. According to the 2011 Population Census, **there is an average of 2.9 persons living in a dwelling**. Average floor area of dwellings in the Republic of Serbia was 74.2 m² and it was slightly larger in *other* communities (80.3 m²) than in urban ones (70.3 m²).⁸³⁶ Out of the total number of occupied dwellings, 3.9% had a floor area smaller than 10 m² per household member.⁸³⁷ As regards the number of rooms per dwelling, the Survey on Income and Living Conditions for 2013 indicated a ratio of one room (0.9 to be more precise) per one person, but this ratio was somewhat lower (0.7) in dwellings for rent.
- 5.6.16. The share of households that lived in overcrowded dwellings⁸³⁸ was high (54.2%), and it was higher for households below the at-risk-of-poverty threshold (62.4%) than for households above the at-risk-of-poverty threshold (51.6%).⁸³⁹ In terms of income groups, 63.9% of households with income in the first quintile lived in overcrowded dwellings, as well as 57.8% and 55.2% of households in the second and third income quintile, respectively. Moreover, 43.6% of households in the highest, fifth income quintile lived in overcrowded dwellings. The proportion of households that lived in overcrowded dwellings rented at market rates was also high (80.2%), as

⁸³⁵ Dwellings lacking basic installations are the ones without water supply, sewage, electricity and heating installations.

⁸³⁶ Average floor area of dwellings in the neighbouring countries is as follows: Montenegro – 71.4 m², Bulgaria – 73.0 m², Hungary – 77.0 m², Slovenia – 79.6 m². (Source: SORS)

⁸³⁷ Source: Census 2011, SORS, Database.

⁸³⁸ According to the Survey on Income and Living Conditions, overcrowding is determined by the number of rooms available to a household, household size, age and income status of the family.

⁸³⁹ Source: SILC 2013.

well as that of households that lived in overcrowded dwellings rented at reduced rates (60.8%), while about a half of households (51.7%) lived in their own overcrowded dwellings. From the aspect of the type of household, the largest share of households living in overcrowded dwellings was found among the families with three or more children (82.7%), single parents (77.6%) and households with three or more adults with children (69.2%).⁸⁴⁰ Accordingly, the share of children and youth who lived in overcrowded dwellings was also high. Thus, 63.4% of children aged 6–11 years lived in overcrowded dwellings, whereas from the perspective of income, the share of children from households with income below the poverty line and those with income above that line who lived in overcrowded dwellings was 77.6% and 57.4%, respectively. The situation was even more unfavourable for youth, given that 72.5% of persons between 12 and 17 years of age lived in overcrowded dwellings.

- 5.6.17. The values for the indicator of **multiple housing deprivation** indicate that 16.4% of households in the Republic of Serbia in 2013 lived in overcrowded dwellings that also had additional imperfections (damp, dark, no bath or flushing toilet and the like).⁸⁴¹ In terms of income intervals, as many as 28.7% of households with the lowest income (first quintile), 18.7% in the second and 15.7% households in the third income quintile were facing multiple housing deprivation. A total of 4.3% households lived in dwellings without flushing toilets or baths, while 11.9% of households below the relative poverty line lived in such dwellings, among which the proportion of single-person households was high (27.8%), especially those with single persons above 65 years of age (31.2%). At the level of EU 28, a total of 5.1% of households were facing multiple housing deprivation in 2012, while the share at the level of the 12 new EU Member States was 7.4%. The best situation was in France, where only 0.8% of households had this problem, while the countries with similar situations to that in the Republic of Serbia were Bulgaria (12.9%) and Hungary (17.2%), whereas the situation was worse to a certain extent only in Romania (22.8%).
- 5.6.18. **Housing costs** in 2013 imposed a considerable burden on the household budget in the Republic of Serbia. Two out of three, i.e. 67.0% of households in the Republic of Serbia (81.2% of households with income below the relative poverty line) spent more than 40% of their disposable income on housing costs.⁸⁴² In terms of income intervals, the budgets of 74.1% of households with the lowest income (first quintile), as well as of 36.8% of households in the second quintile, were significantly burdened by housing costs. The share of households with income above the poverty line, whose budgets are heavily burdened by housing costs, is also high (62.4%); however, the share was relatively low among households in the fourth and fifth income quintile (8.3% and 2.5%, respectively). In the Republic of Serbia, the percentage of households that spent significant portions of their budgets on housing costs was twice as high as that in the EU 28.

Table 5.6.18. Financial burden of housing costs on household budget (%)

	EU 28 (2012)			Republic of Serbia (2013)		
	Total	60% of the median equivalised income	60% of the median equivalised income	Total	60% of the median equivalised income	60% of the median equivalised income
		Below	Above		Below	Above
Households with heavy financial burden due to the housing costs	36.9	55.5	33.1	67.0	81.2	62.4

⁸⁴⁰ Source: SILC 2013.

⁸⁴¹ Source: SILC 2013.

⁸⁴² Household budget is considered as significantly burdened by housing costs if these costs exceed 40% of household income (Source: SILC 2013).

Households with financial burden due to the housing costs	43.5	33.4	45.6	30.4	17.6	34.5
Households without financial burden due to the housing costs	19.6	11.1	21.3	2.6	1.2	3.1

Source: EU 28 – Eurostat; Republic of Serbia – SILC

5.6.19. As regards the **personal household consumption**, the data of the Statistical Office of the Republic of Serbia for 2011 and 2012 indicate that monthly housing costs accounted for around 20% of households' total monthly spending.⁸⁴³

Table 5.6.19. Personal household consumption in 2011 and 2012 (%)

	Total		Urban settlements		Other	
	2011	2012	2011	2012	2011	2012
Housing, water, electricity, gas and other fuels	15.6	15.8	16.0	16.2	15.2	14.9
Furnishings, household equipment and routine household maintenance	4.3	4.3	4.1	4.1	4.5	4.5
Total	19.9	20.1	20.1	20.3	19.4	19.4

Source: Statistical Office of the Republic of Serbia

5.6.20. In 2013, 36.9% of households in the Republic of Serbia had **debts for unpaid utility bills**, and these included 54.0% of households with income below the relative poverty line and 31.3% of households with higher income. The highest debts were those of the households with two adults with three or more children (53.5%) and single-parent households (48.2%), especially single parents with income below the relative poverty line (61.8%). Households with dependent children had debts for utility services more often (42.3%) than households with no dependent children (29.9%). According to estimates for 2012, on average in the EU 28, 9.9% of households had debts for unpaid utility bills, whereas the share of households with debts in the 12 new EU countries was 17.1%. Among the households with income below the relative poverty line, 20.6% of households in the EU 28 had outstanding debts, while the share in the 12 new EU countries was 33.1%.

5.6.21. The low percentage of households **with outstanding rent or housing loan instalments** (only 1.6%) was certainly the consequence of the small share of households who lived in rented dwellings or had housing loans (see: Table 23 - Household debt for utility bills, rent or housing loan repayment in 2013 (%), Annex 1). A significant deviation from the above share was identified among single parents with income below the relative poverty line (8.5%), while households with two or more children and income above the poverty line also experienced difficulties in paying rent or repaying loans (5.7%). Generally speaking, the overall percentage of households in the Republic of Serbia with this kind of debt was lower than the average percentage in both the EU 28 (3.6%) and the 12 new Member States (2.4%).

In the Republic of Serbia, a total of 18.3% of households (30% of households with income below the at-risk-of-poverty threshold) could not afford adequate heating of their homes (**see:**

⁸⁴³ Personal household consumption related to housing costs in Montenegro accounted for 18.77% of the total consumption in 2011, while in 2012 it dropped to 17.7%. (Statistical Office of Montenegro. (2013): Household Consumption, Data, Available Budget and Personal Household Consumption, <http://www.monstat.org/cg/page.php?id=72&pageid=72>, accessed on March 4, 2014.

- 5.6.22. Table 24 - Inability of households to afford adequate heating of a dwelling in 2013 (%), Annex 1).⁸⁴⁴ From the aspect of the type of household, the most severe heating difficulties were faced by families with three or more children (26.4%), as well as by households consisting of a single adult person aged 65 years or over (26.5%). According to this indicator, among households with income below the real poverty line, the most vulnerable were the households consisting of a single person under 65 years of age (43.3%) as well as single-parent households (40.6%). Overall, the share of households (regardless of their type) which could not afford to keep their homes adequately warm was twice as high among households with income below the relative poverty line than among households with income above this line. As far as this indicator is concerned, there were no significant disparities between the data for households in the Republic of Serbia and the data for 12 new Member States. The data for the EU 28 show that the most vulnerable households, according to this indicator, were the ones with three or more adult persons, with or without dependent children.
- 5.6.23. In November 2013, in the territory of the Republic of Serbia excluding Kosovo and Metohija, there were 14 collective centres that accommodated 1,328 persons, of which 312 were refugees and 1,016 were internally displaced persons (IDP).⁸⁴⁵ The Commissariat for Refugees and Migration made an estimate that, in 2012, there were 50 unrecognised collective centres and informal (substandard) settlements with around 1,200 persons.⁸⁴⁶
- 5.6.24. **The housing situation of Roma population** is still particularly difficult and the implementation of adopted measures in this area is very poor.⁸⁴⁷ Local governments rarely invest efforts in the improvement of housing conditions in Roma settlements and very few of them have data on the housing situation of Roma in their territories or adopted action plans for improvement of the situation. Unregulated legal and urban planning status and poor communal facilities, as well as inadequate housing conditions, are common characteristics of a significant number of Roma settlements in the Republic of Serbia.⁸⁴⁸ On the other hand, the Legalisation Act does not provide for sufficient possibilities for legalisation of illegally built property in informal (substandard) settlements.
- 5.6.25. **The 2011 Census was the first to distinguish between primary and secondary homelessness.** According to the definition used for census purposes, primary homelessness refers to persons who have no dwelling or temporary accommodation, living in the streets, parks and the like, and who occasionally seek accommodation in shelters, shelter stations or drop-in centres. Secondary homelessness includes persons living in spaces referred to in the census methodology as dwellings occupied out of necessity (e.g. basement, shack, tent, wagon, trailer and the like). The Census identified 18,287 primary and secondary homeless persons. The most homeless persons (7,129 or 39.0% of the total number) lived in the Belgrade Region. In the Šumadija and Western Serbia Region, there were 4,562 homeless persons (25.5%), in the Southern and Eastern Serbia

⁸⁴⁴ Statistical Office of the Republic of Serbia, Database, Financial Burden of Housing Costs on Household Budget, <http://webzrzs.stat.gov.rs/WebSite/public/ReportView.aspx>, accessed on January 20, 2014.

⁸⁴⁵ Commissariat for Refugees and Migration of the Republic of Serbia (2013): Collective Centres, <http://www.kirs.gov.rs/articles/centri.php?lang=SER>, accessed on December 12, 2013.

⁸⁴⁶ Annual Report of the Government of the Republic of Serbia for 2012.

⁸⁴⁷ The Ombudsman (2013): Report on the Implementation of the Strategy for Improvement of the Status of Roma in the Republic of Serbia, <http://www.zastitnik.gov.rs/index.php/lang-en/izvestaji/posebnii-izvestaji/3115-2013-12-10-13-06-11>, accessed on January 19, 2014.

⁸⁴⁸ Vuksanović-Macura, Zlata. (2012): Mapping and enumeration of informal Roma settlements in Serbia, Environment and Urbanization, Vol. 24 No 2, 685–705.

Region there were 3,997 (21.9%), while the number of homeless persons in the Vojvodina Region was 2,599 (14.2%). In terms of ethnic background, the majority of homeless persons were Serbs – about 56%, while there was also a high share of Roma in the total number of registered homeless persons (slightly over 31%).

- 5.6.26. From the aspect of age and sex, the majority of homeless persons were 65 years old or over, among whom there were almost twice as many women as men. A large number of homeless persons were children of all ages and age groups, with an equal proportion of boys and girls. The 25–40 age bracket accounted for a somewhat lower share of homeless persons, while the fewest homeless persons were identified in the 30–34 age bracket.

Table 5.6.26. The number of homeless persons in the Republic of Serbia, disaggregated by age and sex

Age	Total	Male	Female
Total	18,287	9,279	9,008
0-4	1,505	777	728
5-9	1,403	731	672
10-14	1,242	629	613
15-19	1,191	596	595
20-24	1,132	601	531
25-29	1,040	533	507
30-34	1,022	579	443
35-39	1,039	546	493
40-44	1,058	564	494
45-49	1,233	678	555
50-54	1,306	723	583
55-59	1,348	725	623
60-64	1,091	588	503
65+	2,677	1,009	1,668

Source: SORS, Census 2011.

- 5.6.27. In 2011, social work centres identified 201 homeless persons in total, while in 2012, there were 209 of these persons; however, these figures are considerably smaller than the actual number of homeless persons.⁸⁴⁹ Among the homeless persons identified by centres for social work, 170 persons used accommodation services in 2012, mostly in shelters or shelter stations (69 persons).⁸⁵⁰

Table 5.6.27. The number and profile of homeless persons, disaggregated by age groups and sex in 2011 and 2012

Age group	2011			2012		
	Male	Female	Total	Male	Female	Total

⁸⁴⁹ Republic Institute for Social Protection (2013): Synthetic Report on the Operation of Centres for Social Work in Serbia 2012, Belgrade, p. 89–91.

⁸⁵⁰ A research study on homelessness, conducted in the Republic of Serbia in 2011, indicated a number of approximately 790 persons who used the services of shelters and shelter stations, and these data referred to the 12 local communities in which the study acknowledged the existence of this type of services. (Žarković, B., Petrović, M., Timotijević, M., (2012): Without a House, Without a Home: Results of the research on homelessness in Serbia, Housing Center, Belgrade, p. 19

Children (0-17 years)	16	15	31	19	14	33
Youth (18-25)	5	2	7	16	4	20
Adult (26-64)	100	23	123	154	41	195
Elderly (65+)	26	14	40	31	11	42
Total	147	54	201	220	70	290

Source: Republic Institute for Social Protection (2013), Synthetic Report on the Operation of Centres for Social Work in Serbia 2012, Belgrade, p. 90.

MEASURES AND PROGRAMMES

- 5.6.28. In the previous period, programmes and measures in the field of housing and social housing were targeting two groups of households: on the one hand, there were measures that supported medium- and high-income households to purchase dwellings under favourable conditions (non-profit sale of housing units, insurance of housing loans, reimbursement of value added tax and the like); on the other hand, there were measures that targeted members of vulnerable social groups, usually refugees and IDPs, which entailed the provision of durable housing solutions through various programmes (construction of housing units, prefabricated homes, distribution of building materials and the like) which were usually financed by donors.
- 5.6.29. The mandate for implementation of adopted social housing measures is divided between national institutions and local governments. A survey of local governments conducted in 2013⁸⁵¹ showed that only 37 local government units in the Republic of Serbia had some kind of developed social housing practice.⁸⁵² This usually included programmes initiated by national institutions (the Republic Housing Agency or the Commissariat for Refugees and Migration), implemented in cooperation with non-profit housing organizations and civil society organizations and financed by donors. They target vulnerable social groups such as refugees, IDPs, disabled war veterans and others. The percentage of local governments' budgets allocated for subsidising the programme of social housing and for subsidised housing loans was very low and ranged between 0% and 0.8% in 2011, and between 0% and 1.1% in 2012.
- 5.6.30. The existing social housing units for rent are administered by local housing agencies, which are also responsible for managing tenants' affairs and collecting rent, whereas in the City of Belgrade, these activities are entrusted to the Secretariat for Social Welfare.⁸⁵³ Although tenants pay subsidised rent (reduced rate), the problem of non-payment of rent persists. It is usually the consequence of tenants' low income, as well as of the absence of additional benefits, such as the housing benefit.
- 5.6.31. In order to ensure a more efficient implementation of legal and strategic social housing measures, the Government founded the **Republic Housing Agency** in 2011.⁸⁵⁴ The Agency launched projects of construction of social housing units in seven local government units, partially

⁸⁵¹ The survey was conducted by the Social Inclusion and Poverty Reduction Unit and the Standing Conference of Towns and Municipalities.

⁸⁵² This practice included activities such as: development of local housing strategies; preparation of local action plans for certain social groups; identification of housing problems of certain population categories; distribution of building materials; participation in donor-funded projects, usually through provision of land, infrastructure and documentation required for construction or through support in the purchase of village houses.

⁸⁵³ In Belgrade, rent is collected through "Infostan", the integrated system for collection of public utility costs.

⁸⁵⁴ Decision on the Foundation of the Republic Housing Agency, Official Gazette of RS, No 56/11. (Republic Housing Agency, <http://www.rha.gov.rs/>, accessed on December 5, 2013).

subsidized from the national budget and partially from local budgets.⁸⁵⁵ In 2013, the Agency was engaged in the preparation of a project that entailed the construction of 1,700 social housing units, of which 1,200 were meant to be sold at non-profit rates and 500 were intended for leasing. The construction of these housing units, in 12 local communities, is partially funded through a loan from the Council of Europe Development Bank.⁸⁵⁶ The intended beneficiaries of both project components are low- and medium-income households.⁸⁵⁷ The Republic Housing Agency, in cooperation with local government units, undertook the strengthening of local institutions in charge of social housing; thus far a total of 15 non-profit housing organizations have been established, which are licenced in line with the Rulebook on Conditions for Issuing or Revoking the Working Licence of Non-profit Housing Organizations and the Content of the Separate Register of Non-profit Housing Organizations.⁸⁵⁸

- 5.6.32. The provision of dwellings for medium- and high-income households was continued through the **construction of non-profit housing units** in major cities of the Republic of Serbia. Housing units are mostly sold to public sector employees, at non-profit rates, through long-term loans with low interest rates and the possibility of partial reimbursement of VAT. About 2,000 non-profit housing units were built in Belgrade in the period 2008–2013. Similar practice of construction and non-profit sale of housing units also existed in Niš and Kragujevac.
- 5.6.33. **The National Mortgage Insurance Corporation** continued its activities aimed at increasing the availability of long-term housing loans approved by banks to the general population. The Corporation insured 73,319 housing loans, of which 16,216 were insured between 2010 and mid-2013.⁸⁵⁹ The conditions for insurance of loans are still strict, available to medium- and high-income households, and include the requirement of potential borrowers to have employment contracts for an indefinite period.⁸⁶⁰
- 5.6.34. The programmes aimed at providing housing solutions for **refugees and internally displaced persons** continued. Housing programmes were usually funded by donors and implemented by the Commissariat for Refugees and Migration in cooperation with local governments. Between 2010 and July 2013, **29 collective centres were closed down** and durable housing solutions were provided for 2,279 persons.⁸⁶¹ For most vulnerable persons living in collective centres, “**social housing in supportive environment**” is the most commonly implemented model of support. Within this programme, 931 housing units were built in 42 local government units in the period

⁸⁵⁵ The programme of construction of social housing units was adopted by the Government Decisions 05 no 360-9100/2012 of December 13, 2012 and 360-9539/2012 of December 27, 2012. The programme is implemented in Zrenjanin, Kikinda, Kragujevac, Kraljevo, Niš, Pančevo and Čačak. The programme envisaged the construction of some 9.700 m² of net usable floor space, of which a minimum of 3,500 m² of net usable floor space should remain the property of local government unit; these units are to be used exclusively for lease, without a possibility of purchase.

⁸⁵⁶ Law on Ratification of the Framework Agreement between the Council of Europe Development Bank and the Republic of Serbia F/P 1,720, Official Gazette of RS, No 8/11.

⁸⁵⁷ Rent amounts will be calculated in accordance with the Decree (Decree on the Standards and Norms of Planning, Designing, Construction and on the Conditions for Use and Maintenance of Social Housing Units, Official Gazette of RS, No 26/13.); however, it is assumed that the maximum amount of rent will be EUR 1.2 per square metre, i.e. the monthly rent for a housing unit of 50 m² should not exceed EUR 60. The planned size of housing units to be built ranges between 25 and 75 m². (Construction of 1,700 housing units, <http://www.rha.gov.rs/izgradnja-1-700-stanova/>, accessed on December 12, 2013)

⁸⁵⁸ Official Gazette of RS, No 44/10.

⁸⁵⁹ National Mortgage Insurance Corporation (2013): National Mortgage Insurance Corporation Factbook, Belgrade, <http://dev110609nkosk.nkosk.co.rs/srlat/node/95>, accessed on January 15, 2014.

⁸⁶⁰ With the exception of persons who are employed on a fixed-term contract as per the Law on Higher Education, Law on Scientific Research Activities, Law on the Government and the Law on Civil Servants.

⁸⁶¹ Commissariat for Refugees and Migration of the Republic of Serbia (2013). “Collective Centres”, <http://www.kirs.gov.rs/articles/centri.php?lang=SER>, accessed on December 12, 2013.

2003–2013,⁸⁶² of which 274 were built in the period 2009–2012. The units are intended to be used by refugees and IDPs (80%) and domicile population (20%). Tenants are not allowed to purchase these housing units, while local governments prescribe diverse terms of use with regard to payment of housing costs. Housing units are administered by centres for social work, which are also responsible for tenants' affairs and wellbeing. **The Regional Housing Programme**, launched in late 2011, was aimed at ensuring durable housing solutions for the most vulnerable refugees, and the main donor was the European Commission.⁸⁶³ The objective was to resolve housing needs of 16,780 refugee households, i.e. about 45,000 persons in the Republic of Serbia by 2017.⁸⁶⁴ By the end of 2013, after three cycles of project proposals, funds were awarded for housing solutions for 1,780 families and these included: construction of 435 flats, assembly of 270 prefabricated houses, 650 packages of building materials and the purchase of 425 village houses.⁸⁶⁵

- 5.6.35. The scope of construction of **social housing units for rent** is very small. The majority of these units (633 in total) were built in Belgrade, financed from the city's budget, in the period 2004–2013. As of 2010, the change of award rules also allowed the beneficiaries of social welfare services to apply for this housing programme.⁸⁶⁶ In other local communities, the stock of social housing units for rent consists of the units built under the Settlement and Integration of Refugees Programme⁸⁶⁷ and a few other donor-funded programmes, while tenants mostly include former refugees, IDPs and, to a lesser extent, domicile population.
- 5.6.36. Certain local governments still maintain the practice of **awarding subsidies to poor households for their housing costs**, usually covering a part of the utility bills. In the City of Belgrade, until May 2014, tenants of social housing units and beneficiaries of “social housing in supportive environment” were entitled to a 50% reduction of monthly utility bills and rent,⁸⁶⁸ while the reduction for the rest of 2014 will amount to 30% of their monthly bills. The City of Belgrade's Decision also specifies other beneficiary groups entitled to subsidised costs of public utility services (a reduction of 10%, 20%, 30%, 40% or 50%), depending on their total monthly income. On the other hand, there has been an increasing number of cases of competent authorities initiating eviction procedures and enforcing the eviction of the tenants of social housing units with huge debts for outstanding utility bills or rent, although these are usually households with very low income.⁸⁶⁹
- 5.6.37. At the national level, the authorities introduced the **system of reduction of monthly costs of electricity, gas and heating** for financially vulnerable households; it was introduced in two stages – in April 2013 for electricity and gas, and in October of the same year for heating. The estimated number of beneficiaries who could be eligible for the status of protected energy customers was 411,205, which included the recipients of financial social assistance, social care

⁸⁶² Housing Center, Social Housing in Supportive Environment, <http://www.housingcenter.org.rs/index.php/socijalno-stanovanje-u-zasticenim-uslovima>, accessed on December 18, 2013).

⁸⁶³ The Regional Housing Programme is implemented in the Republic of Serbia, Republic of Croatia, Federation of Bosnia and Herzegovina and in Montenegro, <http://www.kirs.gov.rs/articles/regionalniproces.php?lang=SER>, accessed on December 12, 2013.

⁸⁶⁴ Regional Housing Programme, <http://www.kirs.gov.rs/articles/regionalniproces.php?lang=SER>, accessed on January 15, 2013.

⁸⁶⁵ Regional Housing Programme: Country Housing Project, Project Approved, <http://www.regionalhousingprogramme.org/31/projects-approved.html>, accessed on January 15, 2013.

⁸⁶⁶ Decision on conditions and method of disposal of housing units built according to the project for building 1,100 housing units in Belgrade, Official Gazette of the City of Belgrade, Nos 20/03, 9/04, 11/05, 4/07, 29/07, 6/10, 16/10, 37/10, 17/12 and 8/13.

⁸⁶⁷ Ramirez, L., et al. (ed) (2008): SIRP Book, Belgrade, UN-HABITAT SIRP.

⁸⁶⁸ Decision Specifying the Categories of Beneficiaries of Subsidised Public Utility Services, Official Gazette of the City of Belgrade, No 31/13.

⁸⁶⁹ Praxis (2013): Contribution to Social Inclusion and Combat against Discrimination of Marginalised Population in Serbia, Belgrade, <http://www.praxis.org.rs>, accessed on January 25, 2014.

and support services, child allowance, pensioners and other categories as per the Decree.⁸⁷⁰ However, the prescribed criteria were very restrictive, especially with regard to the maximum allowed level of electricity/gas consumption, which resulted in a considerably smaller number of households who actually benefited from this scheme than the number of those who were awarded the status of protected energy customers. Thus, in April 2013, when the Decree came into force, the status of protected energy customers was awarded to 50,876 households, while the right to reduced electricity bills was exercised by 34,292 households.⁸⁷¹ The situation was also similar in August 2013, when the number of protected energy customers was 72,262, of which 56,010 exercised the right to reduced electricity bills, whereas in December 2013, this ratio was even lower – 82,871 to 49,325. According to estimates, in December 2014, there will be 95,000 protected energy customers exercising the right to reduced electricity bills. The costs of gas and heating are reduced on monthly basis for just under 100 protected energy customers. The average reduction of monthly bills amounts to approximately RSD 1,000, for all three categories of protected energy customers.

Table 5.6.37. Household income thresholds for the status of protected energy customers and the amount of electricity for which reduction is possible.

Households	Total monthly household income (RSD)	Subsidised monthly amount (kWh)
Single-member	12,900	120
2 and 3 members	18,786	160
4 and 5 members	24,672	200
6 or more members	30,558	250

Source: Decree on Protected Energy Customers, Official Gazette of RS, no 27/13.

5.6.38. In late 2013, activities were undertaken towards **mapping and developing the geographic information system (GIS) of Roma settlements** in the Republic of Serbia, which involved the development of adequate housing models and the preparation of urban planning and technical documentation for improvement of infrastructure and living conditions in Roma settlements, with a view to preparing projects for application for funding under IPA 2013. The project is implemented by the Organisation for Security and Co-operation in Europe – Mission to Serbia across 20 local government units⁸⁷², financed under IPA 2012, while its implementation is coordinated by the Office for Human and Minority Rights.⁸⁷³ Another project, implemented by the United Nations Office for Project Services⁸⁷⁴, aims at providing durable housing solutions for about 200 Roma families resettled by the City of Belgrade authorities between 2009 and 2012 from informal settlements to new container settlements. Both of these projects are financed by the European Union. In the territory of the Autonomous Province of Vojvodina, the humanitarian

⁸⁷⁰ The total calculated funds required for support to the estimated number of beneficiaries amounted to about RSD 4,200,000,000. In 2013, the funds were provided by public enterprises Srbijagas and Elektroprivreda Srbije, whereas in 2014, the funds were earmarked in the national budget of the Republic of Serbia.

⁸⁷¹ Correspondence from the Ministry of Energy, Development and Environmental Protection, Ref. No 312-01-00023/2014-02 from March 5, 2014.

⁸⁷² Koceljeva, Valjevo, Bujanovac, Vranje, Bela Palanka, Prokuplje, Žitorađa, Leskovac, Bojnik, Knjaževac, Kruševac, Kragujevac, Smederevo, Kovin, Pančevo, Novi Sad, Odžaci, Sombor and the Belgrade municipalities of Zvezdara and Palilula.

⁸⁷³ Source: Annual Report on the Work of the Office for Human and Minority Rights 2013.

⁸⁷⁴ Let's Build a Home Together, <http://www.sagradimodom.org/tekst/biblioteka/27/>, accessed on November 20, 2013.

organisation Roma Resource Centre is undertaking activities of repairing and upgrading houses in Roma settlements.⁸⁷⁵

CONCLUSIONS

- 5.6.39. The legislative framework in the field of social housing in the Republic of Serbia has been gradually improving since 2009. However, there is still a **mismatch between housing needs and the financial capabilities of a large number of households** to compete for adequate dwellings in the market, as well as **an increasingly pronounced lack of housing units affordable to low-income households**.
- 5.6.40. The absence of the national housing policy has been compensated for to a certain extent by the **adoption of the National Social Housing Strategy**, which stipulates a wide range of objectives and measures.
- 5.6.41. The provisions of the Housing Law and other regulations **on forced eviction, as well as the practical procedures of forced eviction**, especially from informal (substandard) settlements, are not aligned with international standards.
- 5.6.42. The Survey on Income and Living Conditions (SILC) for the first time **provided a lot of essential information on the indicators of social inclusion in the field of housing**, which should allow for regular monitoring of the situation and trends in this field in the future. Particularly important were the data about housing costs, the extent to which they imposed a burden on the monthly household budget and, with that regard, the data on households' debts for housing costs (outstanding rent, loan instalments, utility bills etc.), as well as the data on the degree and type of housing deprivation. Nevertheless, **there is still no systematised information about the scope and types of subsidies for housing costs** provided by certain local governments. At the national level, the state introduced a single measure which entitled vulnerable households to a reduction of monthly costs of electricity, gas and thermal energy; however, its long-term effects are still unknown.
- 5.6.43. **The housing stock in the Republic of Serbia is almost entirely privately owned**, while the number of state-owned housing units is insignificantly small. Moreover, the share of households living in their own dwellings is large, which is the consequence, *inter alia*, of an underdeveloped rental sector, both private and public, as well as of high rent rates relative to household income. Low-income households usually live in dwellings rented at reduced (subsidised) rates, while the share of those who pay rent at market rates is considerably smaller.
- 5.6.44. In contrast to the relatively large average floor area of dwellings, established by the 2011 Census, there was a **large proportion of households who lived in overcrowded dwellings**. Multi-generation households, households with many children, as well as single parents typically lived in overcrowded dwellings, which also resulted in a particularly high percentage of children and youth who lived in overcrowded dwellings. Moreover, overcrowding was especially pronounced in dwellings rented at market conditions (in the private sector) and to a somewhat lesser extent in dwellings rented at subsidised rates.
- 5.6.45. There is a large number of households **whose monthly budgets are significantly burdened by housing costs**: four out of five households with income below the at-risk-of-poverty threshold and two thirds of all households have housing costs that exceed 40% of their disposable income. More than a third of all households in the Republic of Serbia have **debts for outstanding utility bills**, while the problems in paying housing costs are typically faced by households with children,

⁸⁷⁵ Bu, Robert (2013): *Održiva obnova romskih naselja samogradnjom* (Dweller-Driven Upgrading of Roma Settlements), Belgrade, presentation at the Conference on Roma Housing in Serbia, November 13, 2013.

especially single parents with income below the at-risk-of-poverty threshold. A significant proportion of households are unable to afford **adequate heating in their dwellings**, the most vulnerable being single-person and single-parent households.

- 5.6.46. One fifth of the Republic of Serbia's households are facing **multiple housing deprivation**. One in ten households with income below the relative poverty line lives in a dwelling which has no bath or flushing toilet. The majority of occupied dwellings lacking basic installations in urban areas are situated in the Vojvodina Region, whereas in the Southern and Eastern Serbia Region, the most of these dwellings are found in other areas.
- 5.6.47. **The existing system of social housing for rent is not affordable to low-income households**, given the difficulties they face in paying rent or utility bills. There is no developed system of housing benefits in place at the national level, whereas the measures undertaken occasionally by some local governments, such as one-off cash assistance, temporarily solve the problem, but they do not contribute to fundamental and sustainable solutions.
- 5.6.48. In the previous period, the number of collective centres has decreased and a significant number of various housing solutions for IDPs has been provided, but the problem of IDP households living in informal (substandard) settlements has persisted. Other vulnerable households have been given access to housing schemes within the Regional Housing Programme. As regards the housing solutions for returnees under the Readmission Agreement, there are no capacities in place to provide either urgent accommodation or durable housing solutions.
- 5.6.49. According to the 2011 Census, there were more than 18,000 primary and secondary homeless persons. The majority of them were identified in the population over 65 years of age and among children up to 14 years of age. Roma persons accounted for about a third of all homeless persons identified by the Census and it can be assumed that they mostly belonged to the group of secondary homeless persons, i.e. persons who lived in spaces which did not meet the Census definition of a dwelling.
- 5.6.50. **There is still a considerable difference between housing conditions of Roma and those of the majority population**. The implementation of measures prescribed by strategic and other documents is very poor, fragmented and uncoordinated. This is also augmented by the reluctance of the authorities at all levels to implement the measures for which they are competent and to commit to the improvement of housing conditions of Roma persons.

LINES OF ACTION

- 5.6.51. Proper regulations need to be adopted regarding the practices and procedures of forced eviction, which should be aligned with international standards of protection of human rights, and their practical implementation and observance need to be ensured.
- 5.6.52. An evaluation of social housing programmes implemented thus far needs to be conducted, especially of the programmes of social housing for rent, in order to ascertain their effects in terms of affordability of these housing units to their current users, as well as to give recommendations for improvement of this model in its future implementation.
- 5.6.53. The existing system of administration of social housing units and social housing in supportive environment, including the work with the beneficiaries of this scheme, needs to be upgraded in such a way as to clearly separate the role of authorities competent for administration of housing units, or for collection of rent and housing costs, from the role of authorities competent for provision of social services and support to households. This would prevent the overlapping of mandates, which has been the case in certain local governments, and ensure a more adequate support to beneficiaries of social housing.

- 5.6.54. As envisaged in the National Social Housing Strategy, it is necessary to introduce and regulate the system of housing benefits for low-income households which are unable to afford the costs of living in social housing units. In addition, measures need to be introduced to regulate the status of subtenants living in privately owned rented dwellings.
- 5.6.55. A more efficient system of providing adequate and timely support to homeless people needs to be established, including the development of programmes and measures for prevention of homelessness and strengthening and reintegration of homeless persons.
- 5.6.56. It is essential to continue regular collection and updating of data relevant for monitoring of social exclusion in the sphere of housing. Moreover, it is necessary to monitor and update data on the needs for social housing in local governments on a regular basis, in harmony with the modalities of public support for securing housing solutions as set in the National Social Housing Strategy.
- 5.6.57. Efforts need to be maintained towards improving the coordination of implementation of measures envisaged by strategic documents on the improvement of housing conditions of certain vulnerable groups, as well as towards local governments' capacity strengthening and awareness raising about their obligation to address social housing issues. It is necessary to promote information and educational programmes on the economic and social relevance of social housing, in order to facilitate the acceptance of social housing tenants by the general population, particularly by their closest community.
- 5.6.58. The status of substandard settlements should be improved through the development of detailed regulation plans, legalizations, development of project documentation for infrastructural activities and the provision of local government funds for improving Roma settlements. It is necessary to regulate the issue of legalization of substandard settlements in the Republic of Serbia.
- 5.6.59. The number of programmes enabling local governments to apply for funding for construction of social housing units needs to be increased, through the work of national institutions (Republic Housing Agency, Commissariat for Refugees and Migrations, etc). In ensuring funds for the implementation of social housing programmes, larger financial support from the national budget should be ensured and the opportunities for applying for EU funds allocated for social housing should be taken into account. It is necessary to ensure larger participation of low-income households in social housing programmes, with special focus on the vulnerable Roma population in material and housing deprivation.
- 5.6.60. National institutions and local governments need to commit to developing and implementing alternative housing models (solutions), with a view to improving housing conditions of low-income households.
- 5.6.61. It is necessary to provide funds and stimulate local governments to invest efforts in improvement of housing conditions of Roma population living in substandard settlements. Furthermore, adequate housing solutions need to be provided for returnees under the Readmission Agreement. It is necessary to conduct surveys in local governments on the housing needs of the Roma, create records and develop action plans with measures on improving the housing conditions in Roma settlements. Local migration councils should be provided support and Roma community members should be involved in their work. Roma population should be continuously empowered.
- 5.6.62. Taking into account the overcrowding of dwellings rented at reduced rates, i.e. under the social housing scheme, future housing projects need to consider the ratio between the number of household members and the structure and floor area of dwellings, in accordance with the regulations on social housing.
- 5.6.63. It is necessary to establish mechanisms to motivate and obligate owners of housing units to upgrade the quality of their housing units, resulting in the decrease of housing costs. The methods

for implementation of adopted measures for increase of energy efficiency of housing units should be harmonised with financial and other capacities of households.

5.7. Human Rights and Social Participation

LEGAL AND STRATEGIC FRAMEWORK IN THE REPUBLIC OF SERBIA

- 5.7.1. The Constitution of the Republic of Serbia stipulates that the generally accepted principles of international law along with ratified international treaties constitute a directly applicable and integral part of the legal order of the Republic of Serbia. The Constitution safeguards the rights of national minorities, guarantees the equality of women and men and requires the state to develop a policy of equal opportunities. The Constitution enshrines the principle of equality before the Constitution and the law, explicitly prohibits direct and indirect discrimination and envisages special measures to achieve full equality of persons or groups of persons who are in an unequal position in relation to other citizens. The Constitution safeguards the right to an effective legal remedy, introduces mechanisms for constitutional complaint and establishes an independent authority for the protection of citizens' rights and the supervision of public authorities – the Ombudsman.⁸⁷⁶
- 5.7.2. In ratifying international human rights treaties, the Republic of Serbia has adopted the Law on the Ratification of the International Convention on the Protection of All Persons from Forced Disappearance and the **Law on the Ratification of the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence**.⁸⁷⁷
- 5.7.3. The Republic of Serbia presented its report to the United Nations Committee on the Elimination of Discrimination against Women in 2013.⁸⁷⁸
- 5.7.4. The Republic of Serbia adopted the Strategy of Prevention and Protection against Discrimination in 2013.⁸⁷⁹
- 5.7.5. **The Law on Amendments to the Law on the Election of Deputies, which was adopted in 2011**,⁸⁸⁰ resulted in a major breakthrough in the increased participation of women in public and political life. Similar provisions were laid down in **the Law on Amendments to the Law on Local Elections**,⁸⁸¹ which governs the participation of women in municipal and city assemblies. The Women's Parliamentary Network is active in the National Assembly and cooperates with municipal and city assemblies as well.
- 5.7.6. The National Strategy for Prevention and Elimination of Violence against Women in the Family and in Intimate Partner Relationships was adopted⁸⁸² as well as the General Protocol for Action and Cooperation of Institutions, Authorities and Organisations in the Cases of Violence against

⁸⁷⁶ See articles 14-21, 36, 138, 170 and 194 of the Constitution of the Republic of Serbia, Official Gazette of RS, No 98/06.

⁸⁷⁷ Official Gazette of RS – International Agreements, No 12/13.

⁸⁷⁸ The combined Second and Third Periodic Report of the Republic of Serbia CEDAW/C/SRB/CO/2-3 at the 1144th and 1145th meetings, which took place on July 18, 2013. Available at: http://www.ljudskaprava.gov.rs/images/konvencije/drugi_i_treci_periodicni_izvestaj.doc

⁸⁷⁹ Official Gazette of RS, No 60/13.

⁸⁸⁰ Official Gazette of RS, No 36/11.

⁸⁸¹ Official Gazette of RS, No 54/11.

⁸⁸² Official Gazette of RS, No 27/11.

Women in the Family and in Intimate Partner Relationships.⁸⁸³ Under this protocol, four specific protocols were adopted in the areas of internal affairs, social security, health and justice.⁸⁸⁴

- 5.7.7. **The legal status of persons with disabilities has been improved to a certain extent** by the adoption of the following legislation: the Law on Amendments to the Law on Vocational Rehabilitation and Employment of Persons with Disabilities,⁸⁸⁵ the Law on the Protection of Persons with Mental Disorders⁸⁸⁶ and the Law on Patients' Rights.⁸⁸⁷ In order to enable persons with disabilities to enjoy the constitutionally guaranteed principle of equality, it is necessary to enact further legislation in the forthcoming period, such as the Law on the Movement of Blind Persons with the Assistance of Guide Dogs and the Law on Sign Language.
- 5.7.8. **The legal framework governing protection of the rights of national minorities⁸⁸⁸ was supplemented in the reporting period** by adopting legislation which significantly improves the position of vulnerable population groups (especially the Roma, refugees and internally displaced persons), such as the Law on Amendments to the Law on Non-contentious Proceedings, the Law on Permanent and Temporary Residence of Citizens, the Rulebook on the Residence Application Form at the Addresses of Institutions or Centres for Social Work, the Law on Amendments to the Law on the Foundations of the Education System, etc.⁸⁸⁹ The Government's National Minorities' Council was established under the Decision Establishing the National Minorities' Council⁸⁹⁰ and was mandated to monitor and review the realisation of minority rights. However, its meetings are infrequent.
- 5.7.9. The current **system of free legal aid fails to meet existing needs** and a comprehensive, functional and effective system of free legal aid is not in place, since the Law on Free Legal Aid has not been adopted. Furthermore, a law which would regulate in detail the area of children's rights has yet to be adopted.
- 5.7.10. **The legal framework which applies to churches and religious communities has not been changed**, although there is a need for amendments to the Law on Churches and Religious Communities⁸⁹¹ or an interpretation of its provisions governing the entry of churches and

⁸⁸³ Government of the Republic of Serbia, November 24, 2011.

⁸⁸⁴ Ministry of Interior, Special Protocol on the Conduct of Police Officers in Cases of Violence against Women in the Family and in Intimate Partner Relationships, 2013; the Ministry of Labour, Employment and Social Policy, Special Protocol on Conduct of Social Work Centres – Guardianship Authorities in Cases of Violence against Women in the Family and in Intimate Partner Relationships, 2013; the Ministry of Justice and Public Administration, Special Protocol for the Judiciary in Cases of Violence against Women in the Family and in Intimate Partner Relationships, in 2014; the Ministry of Health, Special Protocol for Care and Treatment of Women Victims of Violence, 2009.

⁸⁸⁵ Official Gazette of RS, No 32/13.

⁸⁸⁶ Official Gazette of RS, No 43/13. Furthermore: see the Opinion of the Ombudsman on the Draft Law on the Protection of Persons with Mental Difficulties, http://www.ombudsman.rs/index.php/lang-sr_YU/2011-12-11-11-34-45/2654-2012-12-20-08-51-16.

⁸⁸⁷ Official Gazette of RS, No 45/13.

⁸⁸⁸ The Law on Protection of Rights and Freedoms of National Minorities, Official Gazette of the Federal Republic of Yugoslavia, No 11/02, Official Gazette of Serbia and Montenegro, no. 1/03 – Constitutional Charter and Official Gazette of RS, No. 72/09 – as amended and 97/13 – Constitutional Court Decision; The Law on National Minority Councils, Official Gazette of RS, No 72/09, 20/14 – Constitutional Court decision, 55/14; the Law on the Official Use of Language and Script, Official Gazette of RS, Nos 45/91, 53/93, 67/93, 48/94, 101/05 – as amended and 30/10.

⁸⁸⁹ The Law on Changes and Amendments to the Law on Non-contentious Proceedings, Official Gazette of RS, No 85/12; The Law on Permanent and Temporary Residence of Citizens, Official Gazette of RS, No 87/11; the Rulebook on the Residence Application Form at the Addresses of Institutions or Centres for Social Work, Official Gazette of RS, No 113/12; the Law on Changes and Amendments to the Law on the Foundations of the Education System, Official Gazette of RS, No 55/13.

⁸⁹⁰ Official Gazette of RS, Nos 46/13 and 98/13.

⁸⁹¹ Official Gazette of RS, No 36/06.

religious communities into the registry.⁸⁹² There are still cases of religious intolerance, attacks on places of worship and hate speech, but their number has significantly decreased.⁸⁹³

- 5.7.11. **Towards prison system reform**, the Penal Sanctions Enforcement System Development Strategy 2013-2020⁸⁹⁴ and the Law on Amendments to the Law on Enforcement of Penal Sanctions⁸⁹⁵ were adopted, thereby further aligning national legislation in this area with international and European standards. The Law on Amendments to the Criminal Code⁸⁹⁶ envisages adding as an aggravating circumstance if offenses have been motivated by hatred due to race, religion, national or ethnic origin, gender, sexual orientation or gender identity of another person. Furthermore, libel was decriminalised, while insult still constitutes a criminal offence. Under the Law on Amendments to the Law on Ratification of the Optional Protocol to the Convention,⁸⁹⁷ which was adopted on July 28, 2011, the Ombudsman acts as the **national preventive mechanism** against torture.
- 5.7.12. **In improving the status of victims of human trafficking**, the Government established the Centre for the Protection of Victims of Human Trafficking.⁸⁹⁸ A Draft National Strategy for Preventing and Combating Human Trafficking and the Protection of Victims 2013-2018 and its action plan were prepared.⁸⁹⁹
- 5.7.13. In November 2012 the drafting of new legislation **in the domain of media and information** commenced, in accordance with the Public Information Development Strategy by 2016.⁹⁰⁰ At the moment this Report was adopted, new media laws had not yet been enacted.
- 5.7.14. **In the field of migration**, the Law on Migration Management⁹⁰¹ was adopted and establishment of local migration councils commenced. The drafting of local action plans started in 146 local government units (municipalities, towns and cities); 135 local action plans have been adopted, and migration councils have been established in the same number of local government units.⁹⁰²
- 5.7.15. In 2012, the Republic of Serbia adopted a Law on Youth⁹⁰³ for the first time, together with the rulebooks necessary for its implementation, representing **an important step towards the increased social participation of young people**.

STATE OF AFFAIRS IN THE AREA

Human Rights

- 5.7.16. **A constitutional, legislative and institutional framework that is aligned with international human rights law is in place**, but further efforts are required to ensure the full implementation of

⁸⁹² See: Government of the Republic of Serbia, the Strategy of Prevention and Protection from Discrimination, Official Gazette of RS, No 60/13.

⁸⁹³ Ibid.

⁸⁹⁴ Official Gazette of RS, No 41/13.

⁸⁹⁵ Official Gazette of RS, No 55/14.

⁸⁹⁶ Official Gazette of RS, No 121/12.

⁸⁹⁷ Official Gazette of RS – International Agreements, No 7/11.

⁸⁹⁸ Government decision of April 13, 2012. See: <http://www.centarzztlj.rs/>

⁸⁹⁹ Available at the website of the Ministry of Interior: http://www.mup.gov.rs/cms_cir/sadrzaj.nsf/nacrt-strategije-prevencije-suzbijanja-trgovine-ljudima.h

⁹⁰⁰ Official Gazette of RS, No 75/11.

⁹⁰¹ Official Gazette of RS, No 107/12.

⁹⁰² Source: <http://www.kirs.gov.rs/articles/olap.php?type1=22&lang=SER&date=0>

⁹⁰³ Official Gazette of RS, No 50/11.

the legal framework and international instruments.⁹⁰⁴ The Republic of Serbia has ratified all the main international human rights law instruments. In January 2013, the Republic of Serbia presented the Report on Human Rights for the Universal Periodic Review – Second Cycle.⁹⁰⁵ The United Nations Human Rights Council issued 144 recommendations, of which the Republic of Serbia accepted 139 to be followed up by 2016. In line with one of the recommendations, a proposal for a national mechanism for monitoring the implementation of the recommendations of the United Nations human rights supervisory bodies has been prepared. The administrative capacity of the Office for Human and Minority Rights is to be strengthened further.⁹⁰⁶

- 5.7.17. **Constitutional complaint** has become an important legal instrument and an effective legal remedy for the protection of constitutionally guaranteed human rights. The year 2012 saw a change in case-law, as the Constitutional Court delivered a number of very significant rulings in favour of constitutional complaints as well as awarded indemnities.⁹⁰⁷
- 5.7.18. **The Commissioner for Protection of Equality was established under the Anti-discrimination Law.**⁹⁰⁸ This autonomous state authority became an important institutional mechanism for combating discrimination in the Republic Serbia in the period between 2011 and 2013. The year 2012 saw the adoption of the Development Strategy of the Institution of the Commissioner for Protection of Equality.⁹⁰⁹
- 5.7.19. In 2013, the Republic of Serbia presented the Second and Third Periodical Reports on the Implementation of the Convention to Eliminate All Forms of Discrimination against Women to the Committee for Elimination of Discrimination against Women. In 2014, the Republic of Serbia presented the Second Periodical Report on the Implementation of the International Covenant on Economic, Social and Cultural Rights to the Committee for Economic, Social and Cultural Rights.
- 5.7.20. In addition, the Republic of Serbia has submitted to the competent UN bodies the Second Periodical Report on the Implementation of the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, the Initial Report on the Implementation of the Convention on the Rights of Persons with Disabilities and the Initial Report on the Implementation of the International Convention for the Protection of All Persons against Forced Disappearance.
- 5.7.21. In 2013, **the European Court of Human Rights** delivered 13 judgments on applications from citizens of the Republic of Serbia. A similar trend was observed in 2011 and 2012, when 12 judgements were issued in each year.⁹¹⁰ The number of new petitions has increased, putting the Republic of Serbia fifth in the list of states with the highest case-count. The largest number of judgments relate to breaches of the right to a fair trial due to the excessive length of judicial proceedings and non-enforcement of domestic judgments. In September 2013, over 12,200 cases

⁹⁰⁴ European Commission's Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, page 12. Taken from the website of the Serbian European Integrations Office:

http://www.seio.gov.rs/upload/documents/eu_dokumenta/godisnji_izvestaji_ek_o_napretku/izvestaj_ek_2013.pdf

⁹⁰⁵ Available at the website of the Office for Human and Minority Rights: <http://www.ljudskaprava.gov.rs/index.php/ljudska-prava-cir/konvencije/63-upr-univerzalni-periodicni-pregled>

⁹⁰⁶ Compare: European Commission's Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, page 51.

⁹⁰⁷ Beogradski centar za ljudska prava, *Ljudska prava u Srbiji 2012*, Beograd, 2013, pg. 42.

⁹⁰⁸ Official Gazette of RS, No 22/09.

⁹⁰⁹ Taken from the website of the Commissioner for Protection of Equality: http://www.ravnopravnost.gov.rs/jdownloads/files/strategija_razvoja_institucije.pdf

⁹¹⁰ Information on rulings is available at the website of the Representative of the Republic of Serbia to the European Court: <http://www.zastupnik.mpravde.gov.rs/cr/articles/presude/>

regarding the Republic of Serbia were pending before the Court, and an additional 108 cases were pending before the Committee of Ministers in charge of supervising the execution of judgments.⁹¹¹

- 5.7.22. As for the Revised European Social Charter, which is the main international instrument for the protection of social rights,⁹¹² **the Second Report on the Implementation of the Revised European Social Charter in the Republic of Serbia** for the period from January 1, 2008, to December 31, 2011, was drafted. In its 2013 conclusions regarding the Republic of Serbia, the European Committee of Social Rights pointed out certain inconsistencies in the legal framework related to the rights enshrined in the Charter: the time period in which the unemployed are entitled to social welfare benefits is too short and the level of social welfare assistance and assistance to elderly persons without a pension is inadequate.⁹¹³
- 5.7.23. **The number of inter-ethnic incidents is decreasing year after year**, but they still occur.⁹¹⁴ Most consist of damage to buildings and other property, physical assaults, fights and verbal attacks. The victims are usually members of the Roma, Albanian and Gorani national minorities.⁹¹⁵
- 5.7.24. Permanent cooperation between all partners and financial resources are required to ensure full implementation of the strategy and related action plan for improving the status of the Roma in the Republic of Serbia and to address the difficult situation of the Roma population.⁹¹⁶ Some studies and reports indicate a high rate of domestic violence against Roma women.⁹¹⁷
- 5.7.25. **The Second Seminar on Social Inclusion of the Roma in the Republic of Serbia**⁹¹⁸ took place in June 2013. The Office for Human and Minority Rights organises coordination meetings on the development of reports regarding the implementation of the seminar's conclusions.
- 5.7.26. In the period between 2011 and 2013, **the Commissioner for Protection of Equality**, as an independent and autonomous state authority, received a large number of citizen complaints and was active in raising awareness on the discrimination and existing protection mechanisms. The capacity of the Commissioner needs to be upgraded in order to cope with the increasing flow of complaints.⁹¹⁹

⁹¹¹ European Commission's Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, page 51.

⁹¹² The Law on Ratification of the Revised European Social Charter, Official Gazette of RS, No 42/09.

⁹¹³ Conclusions are available at the website of the Council of Europe: http://www.coe.int/t/dghl/monitoring/socialcharter/conclusions/State/Serbia2013_en.pdf. A brief overview of the main discrepancies is contained in the summary report: Serbia and the European Social Charter, available at: http://www.coe.int/t/dghl/monitoring/socialcharter/CountryFactsheets/Serbia_en.pdf.

⁹¹⁴ For more details on certain cases: Beogradski centar za ljudska prava, *Ljudska prava u Srbiji 2012*, Beograd, 2013, pg. 60.

⁹¹⁵ Government of the Republic of Serbia, Strategy for Prevention and Protection from Discrimination, Official Gazette of RS, No 60/13.

⁹¹⁶ For more details on the challenges and status of the Roma national minority: Government of the Republic of Serbia, Strategy for Prevention and Protection from Discrimination, Official Gazette of RS, No 60/13; European Commission's Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, pages 43, 56-57.

⁹¹⁷ The Ombudsman, Special Report on Domestic Violence in Serbia, 2011; Centar za istraživanje javnih politika, *Ranjive grupe i reforma sektora bezbednosti: Romi i sektor bezbednosti u Srbiji*, Beograd, 2014. The report is available at: <http://www.publicpolicy.rs/projekti/1#U01CdqiSx8E>

⁹¹⁸ Social Inclusion and Poverty Reduction Unit, available at: <http://socijalnoukljucivanje.gov.rs/rs/seminar-o-socijalnom-ukljucivanju-roma-jun-2013/>

⁹¹⁹ European Commission's Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, page 54.

- 5.7.27. **Freedom of access to information gained importance in recent years**, which were marked by the implementation of the Law on Access to Information of Public Importance⁹²⁰ and the active work of the Commissioner for Information of Public Importance and Personal Data Protection and his administration.⁹²¹
- 5.7.28. The Commissioner for Information of Public Importance and Personal Data Protection repeatedly pointed out that the Law on the Protection of Personal Data⁹²² contains significant deficiencies and leaves some areas virtually unregulated. Moreover, three years have elapsed since the adoption and an action plan implementing the Strategy for the Protection of Personal Data has not been adopted.⁹²³ The number of complaints submitted to the commissioner has increased: in 2012 there were 7,570 pending cases – 6,037 in the area of access to information and 1,533 related to the protection of personal data. The number of cases is approximately 25% higher than in 2011.
- 5.7.29. **The protection of human rights defenders**, such as members of peace movements and journalists, is still inadequate, and many often face hate speech and threats.⁹²⁴ The reports of non-government organizations indicate the cases of discrediting, hate speech and threats to human rights defenders.⁹²⁵ The IPA 2013 twinning project entitled “Support to Improving the Human Rights and Zero Tolerance for Discrimination”, which is to be implemented by the Office for Human and Minority Rights and the Office of the Commissioner for the Protection of Equality as of end 2014, envisages activities aimed at advancing the status of the human rights defenders, in particular those tackling the LGBTI issues.
- 5.7.30. **The position of the Roma national minority is still difficult**, but a visible series of steps has been taken to improve their situation. According to the 2011 census, a total of 147,604 members of the Roma national minority live in the Republic of Serbia. In 2013, the Action Plan for 2012-2014 for the Implementation of the Strategy for Advancing the Status of the Roma in the Republic of Serbia was adopted.⁹²⁶ The preparation of the baseline study for drafting the 2015-2020 Strategy to Advance the Status of the Roma is underway. However, the Roma still face difficult living conditions, especially those living in informal (substandard) settlements where adequate access to electricity and water is not ensured. A new procedure to ensure that “legally invisible persons” are registered in birth registries started to be implemented and produced encouraging initial results.⁹²⁷ Roma employment remains a very significant problem, despite certain results which have been achieved, especially in the territory of the Autonomous Province

⁹²⁰ Official Gazette of RS, бр. 120/04, 54/07, 104/09 and 36/10.

⁹²¹ The Republic of Serbia received great recognition in early 2012 when the Serbian Law on Access to Public Information was rated as the best in the world by the international NGOs Access to Information and Centre for Law and Democracy: <http://www.rti-rating.org/results.html>.

⁹²² Official Gazette of RS, No 97/08.

⁹²³ Annual Report of the Commissioner for the Information of Public Importance and the Protection of Personal data for 2012; European Commission’s Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, page 57.

⁹²⁴ European Commission’s Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, page 54.

⁹²⁵ Комитет правника за људска права, Извештај о раду – 2013., стр. 20-22.

⁹²⁶ <http://www.ljudskaprava.gov.rs/index.php/nacionalne-manjine/propisi-i-strategije>

⁹²⁷ The following legislation has been adopted: the Law on Changes and Amendments to the Law on Non-contentious Proceedings, Official Gazette of RS, No 85/12, the Law on Permanent and Temporary Residence of Citizens, Official Gazette of RS, No 87/11 the Rulebook on the Residence Application Form at the Addresses of Institutions or Centres for Social Work, etc. In 2012, the Ombudsman published a special report on the status of legally invisible persons.

of Vojvodina.⁹²⁸ The 2013 National Employment Action Plan envisages a set of measures for Roma employment.⁹²⁹

- 5.7.31. **The Roma population still faces discrimination**, particularly with regard to access to social assistance, health care, employment and adequate housing, and still often encounters hate speech and threats.⁹³⁰ In Belgrade, in 2012, many informal (substandard) Roma settlements were vacated, and the City of Belgrade provided accommodation for displaced Roma in mobile housing units. However, such accommodation cannot be considered a permanent solution.⁹³¹
- 5.7.32. With regard to the status of persons with disabilities, deinstitutionalisation and further development of community-based services have continued.⁹³² However, oversight of living conditions in social care institutions and psychiatric hospitals should be improved.⁹³³ The involuntary psychiatric hospitalisation procedure and the regulations governing the deprivation of liberty of persons with psychosocial and intellectual disabilities should be aligned with the case law of the European Court of Human Rights.⁹³⁴ Generally speaking, the social integration of persons with disabilities should be further improved.⁹³⁵ Furthermore, a thorough implementation of strategies for improving the situation of persons with disabilities should be ensured, and their position should be further analysed in the context of the EU accession process, as has already been done in some expert analyses.⁹³⁶
- 5.7.33. **The Rulebook on Technical Standards of Accessibility**,⁹³⁷ which had been prepared in cooperation with civil society organisations and the professional community, was adopted in 2013. This rulebook specifies technical standards of accessibility and elaborates urban-technical conditions for the planning of public areas, traffic and pedestrian zones, as well as access to buildings and the design of newly built and reconstructed objects and special devices in them. This rulebook has an additional pictorial representation of accessibility signage.
- 5.7.34. An increased number of complaints submitted to the Commissioner for Protection of Equality regarding the discrimination of persons with disabilities in terms of the **use of and accessibility to public buildings**, areas and public services indicates that the public is better informed about legal mechanisms for reporting cases of discrimination.⁹³⁸ In 2013, the Commissioner for Protection of Equality prepared a special report on the accessibility of state authorities' office

⁹²⁸ Strategy of Prevention and Protection against Discrimination, Official Gazette of RS, No 60/13.

⁹²⁹ National Employment Action Plan for 2013, Official Gazette of RS, No 117/12.

⁹³⁰ Beogradski centar za ljudska prava, *Ljudska prava u Srbiji 2012*, Beograd, 2013, pg. 100-104.

⁹³¹ Government of the Republic of Serbia, the Strategy of Prevention and Protection against Discrimination, Official Gazette of RS, No 60/13.

⁹³² The Ombudsman, Annual Report of the Ombudsman for 2012, pages 77-78.

⁹³³ Beogradski centar za ljudska prava, *Ljudska prava u Srbiji 2012*, Beograd, 2013, pages 81-83.

⁹³⁴ European Commission's Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, page 54.

⁹³⁵ More information on deinstitutionalisation and problems of persons with disabilities is available at the website of the Ombudsman: <http://www.ombudsman.osobesadisabilityitetom.rs/index.php?lang=sr>

⁹³⁶ Milka Damjanović, *Položaj osoba sa disabilityitetom u kontekstu približavanja Evropskoj uniji*, Nacionalni demokratski institut, Beograd, 2013.

⁹³⁷ Rulebook on Technical Standards of Accessibility, Official Gazette of RS, No 46/13.

⁹³⁸ More information about the problem of accessibility to public buildings, areas and services and discrimination cases in: the Commissioner for Protection of Equality, Abbreviated Annual Report for 2012, page 38; the Strategy of Prevention and Protection against Discrimination, Official Gazette of RS, No 60/13.

buildings to persons with disabilities, and found a very low degree of accessibility to these facilities.⁹³⁹

- 5.7.35. Health status remains a frequent ground for discrimination in the Republic of Serbia. There are still **no special measures to encourage equal treatment of persons whose health may be the grounds for discrimination**. In the right to education, children who live with HIV, or whose parents are infected with it, and who are ill or have died of AIDS, have been isolated by school administration and other children.
- 5.7.36. The websites of state administration bodies have been prepared in conformity with the **Guidelines for Creating Web Presentations of State Administration Bodies**,⁹⁴⁰ adopted by the Government. The guidelines specifically regulate e-accessibility and facilitate access to information by persons with disabilities. In order to monitor the compliance of websites with these guidelines, the Criteria for Creating Web Presentations of State Administration Bodies⁹⁴¹ were adopted, and have been used for evaluating websites. Preliminary data of the Directorate for Digital Agenda for 2013 indicate a trend of facilitated accessibility to state administration websites (average compliance with the criteria is 42% compared to 36% in 2012).⁹⁴²
- 5.7.37. According to the 2011 census, **the number of children living in the Republic of Serbia totals 1,263,128 (21% of the total population)**.⁹⁴³ The Government established the Council for Children's Rights in early 2014, whose primary role is to reinforce the responsibility of the state to fulfil its obligations regarding the full inclusion of children in the Republic of Serbia.⁹⁴⁴ The Committee for Children's Rights was established in the National Assembly after the elections of 2012 under the Rules of Procedure of the National Assembly of the Republic of Serbia. The Committee's mandate is to analyse draft laws from the perspective of children's rights prior to their passage, and to ensure the compliance of national legislation with international standards.⁹⁴⁵ Between the mandate of the assembly constituted after the 2012 elections and the next elections (initially scheduled for late January 2014), 12 sessions of this committee were held.⁹⁴⁶ In 2009, the Ombudsman established the **Council for the Rights of the Child** as an expert and advisory body which may act upon the request of the Ombudsman or independently in order to give opinions, suggest proposals, raise questions, examine standpoints and review practices, strategies and plans of the Ombudsman in the area of children's rights.⁹⁴⁷ Significant activities in connection with the prevention of peer-violence and other forms of violence against children have

⁹³⁹ Commissioner for Protection of Equality, Report on the Accessibility of State Authorities' Office Buildings to Persons with Disabilities (April 15, 2013). This report is available at the website of the Commissioner:

<http://www.ravnopravnost.gov.rs/rs/извештаји/извештаји>.

⁹⁴⁰ Guidelines for Creating Web Presentations of State Administration Bodies – Version 4.0, Directorate for Digital Agenda, 2012: http://digitalnaagenda.gov.rs/media/docs/smernice_4_0.pdf (accessed on January 17, 2014).

⁹⁴¹ Criteria for Evaluating Websites of State Administration Bodies for 2011, 2012 and 2013 may be found at the website of the Directorate for Digital Agenda: <http://digitalnaagenda.gov.rs/dokumenti/publikacije>

⁹⁴² Out of 118 analysed websites, 43% (51 websites) passed the e-accessibility validation in accordance with the W3C standards, 36% (43 websites) have the functionality to change the size of text and images, while 32% (38 sites) offer an alternative text in place of images and multimedia content. The situation is much better when it comes to navigation only through the keyboard, which is supported by 79% of websites (93 sites); 72% of websites (85 sites) provide for downloading documents in multiple formats while documents that are readable by using "screen reader" is possible in 77% of cases (91 sites). Final results of the report for 2013 will be published on the website of the Directorate for Digital Agenda in 2014.

⁹⁴³ Statistical Office of the Republic of Serbia, Population and Housing Census in the Republic of Serbia in 2011, Belgrade 2011.

⁹⁴⁴ Government of the Republic of Serbia, Communication of January 29, 2014. Available at:

<http://www.srbija.gov.rs/vesti/vest.php?id=204051>

⁹⁴⁵ The Rules of Procedure of the National Assembly of the Republic of Serbia, Official Gazette of RS, No 52/10.

⁹⁴⁶ More information on the work of the Committee for Children's Rights is available at the website of the National Assembly:

<http://www.parlament.gov.rs/>

⁹⁴⁷ The Ombudsman, Decision on Establishing the Council for Children's Rights of the Ombudsman of April 15, 2009.

been undertaken by the Unit for Violence Prevention at the Ministry of Education, Science and Technological Development.

- 5.7.38. **The framework law governing children's rights has yet to be adopted.** Although the Family Law specifies important measures to improve the position of children, children who do not live with both parents are in practice frequently left without adequate protection regarding their right to child support.
- 5.7.39. **The health care of children and families of children with rare diseases** has not been regulated in accordance with the principles enshrined in the Convention on the Rights of the Child. Such medical treatment is often not covered by compulsory health insurance, the law limits parental leave for child treatment and adequate support to families through labour law legislation or other forms of support has not been provided.⁹⁴⁸
- 5.7.40. In order to achieve a better **work/family-life balance**, future reform of labour legislation should focus in particular on the following: prohibiting night and overtime work for women who are breastfeeding; prescribing employers' obligation to consider requests from employees with children below the age of three to allow flexible working hours, or to perform some duties and tasks at home or during the weekend; giving women who are not employed but work on a contract basis the right to parental leave for child care; allowing part-time work upon employee's request during parental leave for child care, while paying a proportionate salary, etc.
- 5.7.41. **The Violence Prevention Unit** was established within the Ministry of Education, Science and Technological Development in 2012. Its primary task is to protect children from violence within the educational system, to reduce violence against and among children, to create a safer environment for learning and development, to implement the School without Violence Programme, to establish partnership and participation in informing the public, the media and experts on all relevant activities in the field of protecting children from violence, etc.⁹⁴⁹
- 5.7.42. **The problem of peer violence among children is still widespread** and children estimate that peer violence is very prevalent in schools – with as much as 73% of children saying that peer violence has been present in schools (often, sometimes or rarely). Only 15% of surveyed elementary and secondary school pupils have not encountered peer violence at their schools. Peer violence is much more prevalent in elementary than in secondary schools. Nearly 90% of elementary school pupils had directly experienced peer violence, while 60% of secondary school pupils were affected by peer violence.⁹⁵⁰
- 5.7.43. Further efforts are required to **protect children from violence**, especially from peer violence among children and young people. Cross-sector coordination in detecting, reporting on and responding to cases of violence among children is present in less than 20% of municipalities. Alternative sanctions for juvenile offenders have yet to be introduced.⁹⁵¹
- 5.7.44. The problem of **refugees and internally displaced persons** is being resolved gradually. The number of refugees from Croatia and Bosnia and Herzegovina living in the Republic of Serbia currently totals 66,408. The number of internally displaced persons is around 210,000, while their number exceeds 20,000 in the territory of Kosovo and Metohija. There are 25 collective centres in the Republic of Serbia which provide housing for 1,997 persons. The number of collective

⁹⁴⁸ Compare: Strategy of Prevention and Protection from Discrimination, Official Gazette of RS, No 60/13.

⁹⁴⁹ More information on this unit is available at: <http://www.mpn.gov.rs/o-ministarstvu/jedinica-za-prevenciju-nasilja>

⁹⁵⁰ The Ombudsman, Report of the Ombudsman and Young Advisors' Panel, Protection of Children from Violence at School, Belgrade, 2011, pages 19-20.

⁹⁵¹ European Commission's Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, page 54.

centres has decreased – 16 collective centres were closed in 2012 and 2013,⁹⁵² and this process continued in the second half of 2013.

- 5.7.45. **In the field of migration management**, the Law on Migration Management was adopted,⁹⁵³ entrusting a whole new range of competencies to the Commissariat for Refugees and Migration. Border authorities have also demonstrated a proactive attitude and achieved results and progress. The number of irregular migrants detected as they passed through the Republic of Serbia on their way to their final destination in the EU has increased: in 2012 the Republic of Serbia reported more than 13,900 illegal border crossings. This number is 34% higher than in 2011.⁹⁵⁴
- 5.7.46. **The increasing number of asylum seekers from Serbia whose asylum requests for the EU were rejected is a raising concern.** Although implementation of the readmission agreement between the EU and the Republic of Serbia continues without significant problems, the capacity and resources for integrating returnees under the readmission process are very limited.⁹⁵⁵ According to the Ministry of Interior, 7,709 requests for readmission were received in 2012, of which 6,581 were approved. Under the Agreement on Readmission, 6,740 citizens were returned to the Republic of Serbia through border crossings in the same period.⁹⁵⁶ The reasons for these migratory trends are to be found in the social exclusion of asylum seekers.⁹⁵⁷ At the beginning of 2012, the EU ministers of police and justice introduced additional measures aimed at reducing the number of asylum seekers from the Western Balkans.⁹⁵⁸
- 5.7.47. A total of 5,066 persons expressed intention to seek asylum in the Republic of Serbia the course of 2013, with 1,539 persons in the first two months of 2014 alone.⁹⁵⁹ In 2013, the majority of the individuals came from Syria (1,338), Eritrea (624), Somalia (507), Afghanistan (492) and Algeria (249). Only 742 of the total number of 5,066 individuals were registered. The registration was maintained by Asylum Office employees in asylum centres. A total of 153 out of 742 individuals submitted official requests for asylum.
- 5.7.48. The Government established the Commission for Monitoring the Visa-free Travel Regime in February 2011. The commission represents a cross-sector body in charge of monitoring and proposing measures to respond to both types of factors affecting the departure of citizens of the Republic of Serbia to European countries in order to seek asylum.

⁹⁵² Data of the Commissariat for Refugees and Migrations. More information is available at the website of the Commissariat: <http://www.kirs.gov.rs/> For more details on the conditions in collective centres: Overview of Conditions in Formal Collective Centres, Commissariat for Refugees and Migrations, March 2013.

⁹⁵³ Official Gazette of RS, No 107/12.

⁹⁵⁴ European Commission's Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, page 59. Furthermore: Commissariat for Refugees and Migrations, Migration Profile of the Republic of Serbia for 2012, page 46. Available at: http://www.kirs.gov.rs/docs/migracije/Migracioni_profil_Republike_Srbije_za_2012.pdf

⁹⁵⁵ European Commission's Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, page 59.

⁹⁵⁶ Commissariat for Refugees and Migrations, Migration Profile of the Republic of Serbia for 2012, page 46. Available at: http://www.kirs.gov.rs/docs/migracije/Migracioni_profil_Republike_Srbije_za_2012.pdf

⁹⁵⁷ Grupa 484, *Tražioc azila iz Srbije - migracije, siromaštvo i rizici od trgovine ljudima*, Beograd, April 2013, pg. 10. Available at: <http://grupa484.org.rs/>

⁹⁵⁸ Due to the increasing number of asylum seekers from the Western Balkans whose asylum requests have been rejected, police and justice ministers of EU Member States have adopted the so-called protective mechanism, which entered into force on January 9, 2014, and which allows the suspension of the visa-free regime between the EU and these countries for a period of six months. Countries with the greatest influx of persons whose asylum requests have been rejected are Germany, Belgium, Sweden, Switzerland and Luxembourg. The Republic of Serbia faces a real risk of the temporary introduction of the visa regime. Of the total number of received readmission requests (7,709) in 2012, almost half of them were filed from Germany (48.33%), followed by Hungary (15.90%) and Sweden (12.53%). Regarding the gender structure, 62% are men and 38% are women. Concerning the age structure, adults comprise 64.69% and juveniles 35.31%. Commissariat for Refugees and Migrations, Migration Profile of the Republic of Serbia for 2012, page 46. http://www.kirs.gov.rs/docs/migracije/Migracioni_profil_Republike_Srbije_za_2012.pdf

⁹⁵⁹ All data compiled from the reports of the UNHCR and the Commissariat for Refugees and Migrations.

- 5.7.49. The Republic of Serbia needs to make additional efforts to protect the rights of asylum seekers and progressively align its legislation with the *acquis* on legal migration.⁹⁶⁰ The number of persons seeking asylum in the Republic of Serbia has significantly increased, particularly after the armed conflict in Syria intensified. Capacities for the accommodation of asylum seekers in the Republic of Serbia are insufficient, which became particularly evident in the second half of 2013.⁹⁶¹ The Government has undertaken emergency measures to provide new temporary accommodation by adopting a special decision at the end of 2013.⁹⁶² However, open xenophobia and hostility, and even violence against asylum seekers and other migrants, were highly prevalent in areas where new accommodation facilities had been planned.⁹⁶³ The increased number of unaccompanied juvenile asylum seekers and the regime of serving sentences in penal institutions have caused particular problems in connection with asylum seekers.⁹⁶⁴ As of 2008, when the Law on Asylum was adopted, until June 2014, five persons were granted refugee status and seven persons received subsidiary protection, out of 14,501 persons who had requested asylum in the Republic of Serbia.⁹⁶⁵
- 5.7.50. In 2013, the Ministry of Interior prepared the Draft National Strategy to Prevent and Combat Trafficking in Human Beings and Protect the Victims for the Period of 2013 to 2018 together with a related action plan.⁹⁶⁶ After the Regulation on the Network of Social Care Institutions had been adopted,⁹⁶⁷ the Government established the Centre for the Protection of Victims of Trafficking in Human Beings, as an institution within the social security system whose principal activity is the comprehensive protection of human trafficking victims.⁹⁶⁸ In 2008, the Government established the Council for Combating Human Trafficking and appointed the Coordinator for Combating Human Trafficking.⁹⁶⁹ In 2013, 92 cases of trafficking victims were detected. In comparison to 2012, the number of identified victims of trafficking increased by 16%. Women accounted for 68% of identified victims.⁹⁷⁰ Child victims of human trafficking and exploitation in prostitution and pornography face discrimination, and data obtained from services for coordinating the protection of trafficking victims indicate a high prevalence of juvenile victims (nearly 50%).⁹⁷¹
- 5.7.51. **The Group of Experts on Action against Trafficking in Human Beings - GRETA** welcomed the progress made by the Republic of Serbia in combating trafficking in human beings.

⁹⁶⁰ European Commission's Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, page 59.

⁹⁶¹ The Centre for Asylum in Bogovada, which housed hundreds of people every day, faced a particular problem, where foreign nationals did not have access to accommodation in the Centre or the food it distributed to persons seeking asylum.

⁹⁶² Government of the Republic of Serbia, Decision of the Government of November 25, 2013.

⁹⁶³ Communication of the Government of November 28, 2013. Available at:

<http://www.srbija.gov.rs/vesti/sekcija.php?start=20&id=249>

⁹⁶⁴ Compare: Strategy of Prevention and Protection from Discrimination, Official Gazette of RS, No 60/13.

⁹⁶⁵ *Pravo na utočište u Republici Srbiji 2013*, Beogradski centar za ljudska prava, Dosije Studio, Beograd 2014.

⁹⁶⁶ Available at the website of the Ministry of the Interior:

http://www.mup.gov.rs/cms_cir/sadrzaj.nsf/nacrt-strategije-prevenicije-suzbijanja-trgovine-ljudima.h

⁹⁶⁷ Government of Serbia, Regulation on the Network of Social Care Institutions, Official Gazette of RS, No 16/12.

⁹⁶⁸ The Centre for the Protection of Victims of Human Trafficking, which was established as an institution of social care, assesses the condition, needs, strengths and risks of human trafficking victims; performs identification and provides adequate assistance and support to victims of human trafficking, with a view towards their rehabilitation and reintegration. More information on the Centre is available at its website: <http://www.centarzztlj.rs/>

⁹⁶⁹ More information at the website of the Ministry of Interior: http://www.mup.gov.rs/cms_lat/sadrzaj.nsf/savet-vlade-za-borbu-protiv-trgovine-ljudima.html

⁹⁷⁰ Centre for the Protection of Human Trafficking Victims, Statistical Data for Identification 2013, available at the website: <http://www.centarzztlj.rs/index.php/statistika>

⁹⁷¹ More data on this institution at: <http://www.centarzztlj.rs/>

According to the Group's report, the Republic of Serbia took a number of important legal and institutional steps to combat trafficking in human beings. In addition, the Republic of Serbia established a comprehensive approach for the identification of victims, but more needs to be done to identify victims of labour exploitation and child abuse. According to GRETA, funding from the state budget will be indispensable for the implementation of the new strategy.⁹⁷²

- 5.7.52. A number of actions have been undertaken concerning **the protection of rights** of persons of different sexual orientation or gender identity (LGBTI – lesbian, gay, bisexual, transgender and intersex individuals).⁹⁷³ The Office for Human and Minority Rights coordinated the preparation of the Strategy for Prevention and Protection against Discrimination, which was adopted in June 2013. The strategy is the first strategic document containing measures aimed at improving the status of LGBTI persons. The pride parade that was announced for September 28, 2013, in Belgrade was once again cancelled on security grounds. This raises a number of concerns regarding the lack of sufficient political support for the protection of LGBTI rights, the failure to implement constitutionally guaranteed rights of freedom of expression, assembly and association, as well as the authorities' capacity to handle threats from radical groups.⁹⁷⁴ Dissemination, promotion and encouragement of hatred and intolerance against the LGBTI population at public meetings, through the media and on the Internet, as well as through hate graffiti and otherwise, are still widespread.⁹⁷⁵ There have been cases of discrimination against LGBTI persons in the areas of employment, education and health care (harassment in the workplace, use of discriminatory language in official communication, discrediting, insults, etc.).
- 5.7.53. Regarding the status of **transgender persons**, there are no legislative solutions to protect their rights and allow for the quick change of identity documents.⁹⁷⁶ The Ombudsman and the Commissioner for Protection of Equality established a joint expert working group to analyse legislation governing the status and rights of transgender persons and to propose necessary amendments to a number of laws.⁹⁷⁷ In June 2012, the Commission of the Ministry of Health drafted guidelines entitled "Approaches to Sex Change of Transgender Persons," on the basis of which the Republic Fund for Health Insurance earmarked and transferred funds for sex reassignment (the Republic Fund for Health Insurance covers two-thirds of the costs, while one-third is borne by the patient).⁹⁷⁸

⁹⁷² Report concerning the implementation of the Council of Europe Convention on Action against Trafficking in Human Beings by Serbia (First evaluation round, adopted on November 8, 2013, and published on January 16, 2014), available at: http://www.coe.int/t/dghl/monitoring/trafficking/Docs/Reports/GRETA_2013_19_FGR_SRB_public_en.pdf

⁹⁷³ Strategy for Prevention and Protection against Discrimination, page 29.

⁹⁷⁴ European Commission's Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, page 12, page 54.

⁹⁷⁵ Beogradski centar za ljudska prava, *Ljudska prava u Srbiji 2012*, Beograd, 2013, pg. 94-97; Strategy of Prevention and Protection from Discrimination, Official Gazette of RS, No 60/13.

⁹⁷⁶ The first final court decision in the Republic of Serbia regarding discrimination at work on the grounds of different sexual orientation should be mentioned as an example of good practice in preventing such discrimination. The judgment of the Appellate Court in Novi Sad established discriminatory behaviour and severe discrimination against M.A. (25) from Vršac by his colleague D.K. (26) from Vlajkovac. M.A. was represented by the legal department of the Gay Straight Alliance (GSA). The proceedings commenced in April 2011, and the final judgment was rendered in late 2012. In its final judgment, the Appellate Court ordered the defendant D.K. to pay RSD 180,000 to M.A. as indemnity for mental suffering due to violation of personal rights, dignity and honour, as well as to reimburse the costs of the GSA's legal services in the amount of RSD 99,000. The court found that the defendant D.K. acted in a discriminatory manner against the plaintiff M.A. because of his same-sex sexual orientation. This behaviour was repeated during a six-month period, and by acting in this way the defendant committed a serious form of discrimination. The court delivered the judgment on the basis of relevant provisions of the Law on the Prohibition of Discrimination, and the Constitution of the Republic of Serbia. Compare: The Commissioner for Protection of Equality, Abbreviated Annual Report for 2012, page 37.

⁹⁷⁷ The Ombudsman, Annual Report of the Ombudsman for 2012, page 66.

⁹⁷⁸ Compare: Strategy of Prevention and Protection from Discrimination, Official Gazette of RS, No 60/13.

- 5.7.54. A significant lack of understanding regarding persons of different sexual orientation or gender identity is still present in the education sector.⁹⁷⁹ Among the recommendations of the Commissioner for Protection of Equality is the necessity to introduce affirmative and accurate perspectives regarding same-sex intimate and emotional orientation and transgender, transsexual and intersexual topics in all textbooks (both from natural and social sciences), as well as to analyse textbooks with the aim to detect and eliminate discriminatory content in education.⁹⁸⁰
- 5.7.55. Available data indicate that **women are at a disadvantage compared to men in all spheres of social life.**⁹⁸¹ Of particular concern are discrimination against women in the labour market and economic sphere, their participation in decision-making, discrimination against women in education, gender-based violence against women, gender inequality in the media, etc.⁹⁸² Discrimination is reflected in the lower activity rate of women compared to men, in their disadvantaged position in the labour market, lesser opportunities for employment and career advancement, lower salaries, etc.⁹⁸³
- 5.7.56. **The Republic of Serbia collects and improves gender-sensitive statistics,** primarily through the work of the National Employment Service, the Republic Statistical Office and the Republic Institute for Social Protection.⁹⁸⁴ An increasing number of institutions are collecting and publishing data disaggregated by sex. Statistics can be improved by introducing the gender equality index, which is used at the EU level to monitor the needs and positions of both men and women belonging to vulnerable categories. Currently, there is no gender budgeting in the Republic of Serbia, that is to say, a gender-responsive distribution of resources.
- 5.7.57. Amendments to the **Law on the Election of Deputies to the National Assembly of the Republic of Serbia and to the Law on Local Elections** resulted in an increased number of women who became members of parliament in the National Assembly as well as members of local assemblies. Legislative changes have resulted in an increased number of women members of parliament, from 20.4% in the period 2008-2012 to 34% after elections in May 2012.⁹⁸⁵
- 5.7.58. **In the area of women's rights and gender equality,** the Council on Gender Equality was established in April 2013, as an inter-ministerial body in charge of proposing measures and initiatives to improve gender equality. Under the **Law on Gender Equality**⁹⁸⁶ local commissions for gender equality have yet to be established and persons in charge of gender equality have yet to be appointed in a number of municipalities. Pursuant to the April 2014 Law on Ministries, the Administration for Gender Equality ceased to exist as an administration body within the Ministry, whereas the area of gender equality remains in the competency of the Ministry of Labour, Employment, Veteran and Social Affairs.
- 5.7.59. **Domestic violence, especially against women, is widespread.** Women make up 79.6% of adult persons registered in the social security system as victims of domestic violence and 75% of victims of adults who have been lawfully convicted for family violence. Adult and young women are also more often exposed to other forms of gender-based violence, such as sexual harassment,

⁹⁷⁹ Gay Straight Alliance, Annual Report for 2012.

⁹⁸⁰ Recommendation of the Commissioner for Protection of Equality to the Ministry of Education and Science, National Education Council and Institute for the Advancement of Education, No 649/11 of June 10, 2011.

⁹⁸¹ Compare: Marina Blagojević Hjuston, *Žene i muškarci u Srbiji - šta nam govore brojevi?*, UNDP, Beograd, 2011.

⁹⁸² More in publication: *Diskriminacija žena na tržištu rada*, Viktimološko društvo Srbije, 2012:

<http://www.vds.org.rs/KnjigaDiskriminacijaZenaNaTrzistuRadaUSrb.htm>

⁹⁸³ Commissioner for Protection of Equality, Abbreviated Annual Report for 2012, page 30.

⁹⁸⁴ Ibid.

⁹⁸⁵ Article 8 of the Law on Changes and Amendments to the Law on the Election of Deputies, Official Gazette of RS, No 28/11; Article 20, Paragraph 3 of the Law on Local Elections, Official Gazette of RS, Nos 129/07 and 54/11.

⁹⁸⁶ Official Gazette of RS, No 104/09, Article 39.

rape, persecution, etc.⁹⁸⁷ The protection of women from all forms of violence should be improved and the mechanisms for coordinating the collection and exchange of information between relevant actors need to be strengthened.

- 5.7.60. In 2013, the Republic of Serbia ratified the **Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence**.⁹⁸⁸ In 2013, the Republic of Serbia presented its progress in implementing the United Nations Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)⁹⁸⁹ to the Committee for Monitoring the Implementation of the Convention in Geneva.
- 5.7.61. The most common form of **discrimination on the grounds of age is present** in the field of labour, and manifests as the unavailability of jobs to persons above 50 years of age.⁹⁹⁰ The attitude towards the elderly in nursing homes and clinics for the elderly is often disturbing.⁹⁹¹ Abuse and neglect of the elderly, as well as discrimination against them in the area of public services, is widespread. The financial position of the elderly and poverty reduction for this vulnerable social group should be taken into particular consideration.⁹⁹²
- 5.7.62. **The conditions for accommodating persons deprived of their liberty are still poor.** Pursuant to assessments compliant with standards, the institutions for enforcement of criminal sanctions should not accommodate more than 7,000 persons, however it is assessed that there were approximately 11,000 persons accommodated therein in 2011.⁹⁹³ Although the Government of the Republic of Serbia has adopted the Strategy for Reducing the Overcrowding in the Institutions for Enforcement of Criminal Sanctions 2010-2015⁹⁹⁴, including the specific measures of extending and improving accommodation according to the report of the Administration for Enforcement of Criminal Sanctions⁹⁹⁵, further efforts are needed to improve living conditions and health and sanitary care for prisoners and to provide adequate treatment programmes, as well as programmes for education and reintegration into society. Alternative sanctions need to be introduced on a larger scale. Frontline prison staffing in direct contact with inmates remains insufficient.⁹⁹⁶ In 2013, the Ombudsman received 297 complaints of citizens deprived of liberty and issued 12 recommendations were issued, of which 8 were executed and 1 was not executed.⁹⁹⁷
- 5.7.63. The law on **freedom of expression and media** decriminalised defamation and recognised hate speech as an aggravating circumstance. However, further steps are still needed to ensure the successful implementation of the media strategy. Issues of direct state financing of the media and

⁹⁸⁷ Strategy of Prevention and Protection from Discrimination, Official Gazette of RS, No 60/13.

⁹⁸⁸ The Law on the Ratification of the Council of Europe Convention on Preventing and Combating Violence Against Women and Domestic Violence, Official Gazette of RS – International Agreements, No12/13.

⁹⁸⁹ Answers to questions regarding the Second and Third Periodic Review on the Implementation of the Convention on the Elimination of All Forms of Discrimination against Women.

⁹⁹⁰ Mihajlović S., Mihajlović V., *Stariji radnici, - neki na poslu, a neki ni posla ni penzije*, Centar za demokratiju, Beograd, 2011.

⁹⁹¹ Compare: *Sažetak izveštaja o monitoringu ljudskih prava starijih na domskom smeštaju u ustanovama socijalne zaštite u Srbiji i preporuke za doslednije poštovanje istih*, Amity, Autonomni ženski centar, Beograd, 2013. <http://amity-yu.org/images/pdf/preporuke%20za%20unapredjenje%20pravnog%20okvira%20za%20ljudska%20prava%20starijih%20sept%202013.pdf>

⁹⁹² Strategy of Prevention and Protection from Discrimination, Official Gazette of RS, No 60/13.

⁹⁹³ Compare: *Zabrana zlostavljanja i prava lica lišenih slobode u Srbiji*, Beogradski centar za ljudska prava, Beograd, 2013 <http://www.bgcentar.org.rs/bgcentar/wp-content/uploads/2013/04/zabrana-zlostavljanja-i-prava-lica-lisenih-slobode-u-srbiji.pdf>

⁹⁹⁴ Official Gazette of RS, No. 53/2010.

⁹⁹⁵ Annual report of the Administration for Enforcement of Criminal Sanctions 2013, p. 26, http://www.uiks.mpravde.gov.rs/images/Godisnji_izvestaj_UIKS-a_za_2013.pdf

⁹⁹⁶ Compare: European Commission's Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, page 52.

⁹⁹⁷ Annual Report of the Ombudsman for 2013: <http://www.zastitnik.rs/index.php/lang-sr/izvestaji/godisnji-izvestaji>

media control, including at the local level, still need to be addressed in a comprehensive manner. Uncertainty about models for financing the two public service broadcasters (Radio Television of Serbia – RTS and Radio Television of Vojvodina – RTV) calls into question their further existence and raises concerns, particularly given that RTV broadcasts in minority languages. The procedure by which members are appointed to the Republic Broadcasting Agency continues to raise concerns as well. Legislative instruments governing public information, media, public service broadcasters and electronic communications have yet to be adopted. Threats and violence against journalists remain a significant factor in self-censorship.⁹⁹⁸ Media campaigns based on anonymous or “leaked” sources are frequent. These campaigns, detailing criminal investigations or announcing arrests, undermine public confidence in judicial institutions, violate laws on personal data and challenge the presumption of innocence.⁹⁹⁹

- 5.7.64. The transition from analogue to digital radio and television broadcasting is underway in the Republic of Serbia. The National Strategy¹⁰⁰⁰ envisages the adoption of appropriate **support schemes for vulnerable social groups in the transition to digital broadcasting**, especially for people with disabilities, the elderly and socially disadvantaged users, to enable them to exercise their right to information in the digitalisation process and to prevent their marginalisation and social exclusion.¹⁰⁰¹ Finally, the Strategy envisages the provision of new features by digital broadcasting networks, some of which are of particular importance for social inclusion – real-time captioning, subtitles and audio recording in multiple languages, new channels with local programmes, programmes for national minorities, etc.
- 5.7.65. In terms of **computer and Internet access**, 63.2% of households own a computer, which is a 3.3% increase compared to 2013,¹⁰⁰² but still below the EU average, which was 72% in 2013.¹⁰⁰³ The biggest gap may be noticed in the structure of households by monthly income: the majority of computer owners are households with a monthly income that exceeds EUR 600 (87.1%), while the share of households with incomes up to EUR 300 amounts only to 47.6%. A similar trend is present in terms of Internet access: households with a monthly income of over 600 EUR have access to the Internet (90.6%), which is the case only for 40.9% of households with income below 300 EUR. Broadband Internet connections are mainly in households with monthly incomes that exceed EUR 600 – 84% and only in 35.7% of households with income below EUR 300.¹⁰⁰⁴
- 5.7.66. More than 90% of persons with disabilities do not use computers or the Internet.¹⁰⁰⁵ These are mostly elderly persons (aged 55-74) with lower educational attainment (less than secondary

⁹⁹⁸ European Commission’s Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013.

⁹⁹⁹ European Commission’s Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, pages 52-53.

¹⁰⁰⁰ The Strategy for the Transition from Analogue to Digital Broadcasting of Radio and Television Programmes in the Republic of Serbia (Official Gazette of RS, Nos 52/09, 18/12 and 26/13).

¹⁰⁰¹ See recommendations of the study Aid Scheme for the Most Vulnerable Population in the Process of Digitalisation of Terrestrial Television, website of the Social Inclusion and Poverty Reduction Unit: <http://www.inkluzija.gov.rs/?p=21002&lang=cs>

¹⁰⁰² The Use of Information and Communication Technologies in the Republic of Serbia, 2014. Statistical Office of the Republic of Serbia: webzr.stat.gov.rs/WebSite/repository/documents/00/01/50/48/Saopstenje_2014.pdf

¹⁰⁰³ E-Communications Household Survey, Special Eurobarometer 396, November 2013: <http://ec.europa.eu/digital-agenda/en/news/special-eurobarometer-396-e-communications-household-survey>

¹⁰⁰⁴ The Use of Information and Communication Technologies in the Republic of Serbia, 2014. Statistical Office of the Republic of Serbia, webzr.stat.gov.rs/WebSite/repository/documents/00/01/50/48/Saopstenje_2014.pdf.

¹⁰⁰⁵ Final results of the 2011 Population Census – Book 8: Disability, website of the Republic Statistical Office, http://popis2011.stat.rs/?page_id=1665. The number of persons with disabilities older than 15 years of age totals 571,780, which is around 8% of the total population. There are 308,063 women (60%) and 207,777 men (40%) with disabilities who are not users of computers or the Internet.

education), who live in Central Serbia and are economically inactive. An additional issue is that computer usage often requires the utilisation of assistive technologies (e.g. screen readers, adapted keyboards), which requires additional costs and special training. Such statistics call for urgent action by state institutions and civil society organisations to increase the social inclusion of persons with disabilities through the application of ICT.

- 5.7.67. Pursuant to Amendments to the Law on Value Added Tax¹⁰⁰⁶ from the end of 2013, **the rate of value added tax on computers and computer equipment has increased by 150%** – from a lower rate of 8% to a general rate of 20%. It is expected that this increase will result in the lower growth rate of computer sales in the forthcoming period, especially when it comes to vulnerable social groups.
- 5.7.68. **The Law on Electronic Communications**¹⁰⁰⁷ **regulates universal service provision.**¹⁰⁰⁸ In 2012, the Ministry of Culture, Information and Information Society adopted the Regulation on Universal Services,¹⁰⁰⁹ which regulates in more detail special measures aimed at ensuring equal access to public telephone services for persons with disabilities and socially disadvantaged users. According to the Regulatory Agency for Electronic Communications and Postal Services (hereinafter: RATEL), all operators fulfilled their obligations and provided the possibility for using universal services.¹⁰¹⁰ However, RATEL has not used the legal possibility to impose on operators the obligation to offer terminal equipment for persons with various types of disabilities.¹⁰¹¹ RATEL has neither insisted on setting up new phone booths, nor prescribed the obligation of setting up¹⁰¹² or adapting existing phone booths to be used by persons with disabilities.

Social Participation

- 5.7.69. The **Office for Cooperation with Civil Society** was established by the Government¹⁰¹³ as an institutional mechanism for supporting the development of civil dialogue between government institutions and civil society organisations, with a view towards truly involving civil society in the

¹⁰⁰⁶ The Law on Value Added Tax (Official Gazette of RS, No 108/13).

¹⁰⁰⁷ The Law on Electronic Communications (Official Gazette of RS, Nos 44/10 and 60/13 – Constitutional Court).

¹⁰⁰⁸ As a set of basic electronic communications services of a specified scope and quality available to everyone in the territory of the Republic of Serbia at affordable prices. The basic set of universal services encompasses: 1) access to the public communication network and to publicly available telephone services at a fixed location, including data transmission that enables functional Internet access; 2) access to enquiry service and public telephone directories; 3) use of public pay telephones; 4) free calls to emergency services; 5) special measures aimed at providing persons with disabilities and socially vulnerable users with equal possibilities to access publicly available telephone services, including calls to emergency services, enquiry services and access to public telephone directories.

¹⁰⁰⁹ The Rulebook on Universal Service (Official Gazette of RS, No 24/12).

¹⁰¹⁰ The Decision on Operators with Public Service Obligations (Official Gazette of RS, No.15/10). Under RATEL's plan, the first phase of providing universal services envisaged covering 712 localities, where the number of connections among residents is less than 10, or where there are no fixed terminals and coverage of the mobile phone signal is incomplete. These activities resulted in 227 new users of universal services, while for another 50 the connections are being established. All new connections have been provided through Telekom Serbia; Telenor and Vip Mobile have not received any requests from users to provide these services, although they have provided the technical possibilities. Source: RATEL.

¹⁰¹¹ When it comes to special measures that provide persons with disabilities with equal opportunities for accessing publicly available telephone services, the Rulebook on Universal Services envisaged that universal services providers would provide terminal equipment adapted for persons with different types of disabilities (impaired hearing, sight, etc.), as well as adapt phone booths to be accessible to and used by persons with disabilities.

¹⁰¹² Explaining this decision due to the high percentage of territory covered by mobile phone signals and the high maintenance costs of phone booths.

¹⁰¹³ Regulation on the Office for Cooperation with Civil Society, Official Gazette of RS, No 26/10.

decision-making process and exchanging opinions between equal partners in a constructive dialogue.¹⁰¹⁴

- 5.7.70. As regards social participation, the **participation of civil society organisations** (hereinafter: CSOs) **in monitoring the negotiations for EU membership** is of paramount importance. The Office for Cooperation with Civil Society expressed its full commitment to support and assist the participation of CSOs in negotiations for EU accession. The Government has adopted documents which enable an unhindered negotiation process at this stage. These documents envisage the possibility of CSO participation in negotiation teams. Different mechanisms for CSO consultations in the negotiation process have been developed, such as the National Convention on the European Union, which comprises 21 working groups, the Declaration on the Joint Platform of Civil Society for Monitoring the Negotiation Process of Serbia's Accession to EU, etc.
- 5.7.71. Access to information and the participation of vulnerable social groups in the negotiating structure for EU accession is also of utmost importance. According to the European Committee of Social Rights, the participation of persons experiencing poverty and social exclusion in the implementation, monitoring and evaluation of poverty reduction measures is crucially important to ensure their pertinence and efficiency.¹⁰¹⁵ Vulnerable social groups monitor the negotiation process through the participation of representative civil society organisations, through the ministry which is at the forefront of negotiating groups, and with technical and organisational support from the Office for Cooperation with Civil Society.
- 5.7.72. As regards the participation of vulnerable social groups in the EU accession process, it is important to improve existing Government consultative mechanisms and introduce new ones. For example, the existing mechanism of **Sectoral Civil Society Organisations (SEKO)** has demonstrated the potential for improving the position of vulnerable groups.¹⁰¹⁶ The formation of a new mechanism is expected in the forthcoming period – the Joint Consultative Committee – which will be composed of representatives of the European Economic and Social Committee, social partners and civil society organisations in the Republic of Serbia.
- 5.7.73. Pursuant to the Law on Associations, the budget of the Republic of Serbia earmarks funds **for stimulating programmes or co-financing programmes implemented by associations**, which are in the public interest. The Decree on Amendments to the Decree on the Funds for Encouraging Programmes or Supplementing the Funding of the Public Interest Programmes Implemented by Associations was adopted in 2013 and introduced facilitated procedures for submitting tender documents.¹⁰¹⁷
- 5.7.74. The Decree on the Establishment of the Office for Cooperation with Civil Society envisages its participation in the preparation of annual summary reports on the expenditure of funds for supporting programme activities which were earmarked in the budget of the Republic of Serbia and transferred to associations and other civil society organisations. According to data of the Office for Cooperation with Civil Society, the Republic of Serbia, at all government levels, spent

¹⁰¹⁴ Annual Report on the Work of the Office for Cooperation with Civil Society for 2013: <http://civilnodrustvo.gov.rs/dokumenta/dokumenta-kancelarije/>

¹⁰¹⁵ European Committee of Social Rights – Conclusions 2013 (Serbia). Available at: http://www.coe.int/t/dghl/monitoring/socialcharter/conclusions/State/Serbia2013_en.pdf

¹⁰¹⁶ SEKO was established by the Serbian European Integration Office as a mechanism for consultations with civil society organisations, which enables their participation in the planning and monitoring of the use of EU funds and other international development assistance. More information is available at the following website: <http://www.cdspredlaze.org.rs/>

¹⁰¹⁷ Annual Report on the Work the Office for Cooperation with Civil Society for the period between January and December 2013, page 5.

a total of RSD 8.63 billion financing associations and other CSOs in 2012.¹⁰¹⁸ In 2012, a total of 22 bodies at the Republic level spent RSD 5.82 billion to support associations and other civil society organisations. Seventy-one bodies from local self-government units spent RSD 1.23 billion, while bodies of the city administrations of Belgrade, Novi Sad and Niš transferred RSD 1.53 billion to associations and other civil society organisations. Five bodies of AP Vojvodina spent a total of RSD 49 million.¹⁰¹⁹

- 5.7.75. The Office for Cooperation with Civil Society has been the national focal point regarding the participation of Serbia in the European Union programme **Europe for Citizens** as of 2012.¹⁰²⁰ **The practice of public hearings** in committees of the National Assembly has improved. Public hearings were institutionalised through the Law on the National Assembly¹⁰²¹ and the Rules of Procedure of the National Assembly.¹⁰²² Thirty-six public hearings on various social issues have taken place since the National Assembly was convened in 2012.
- 5.7.76. **Consultation with local authorities** on new legislation that has local-level implications remains very limited.¹⁰²³
- 5.7.77. **The participation of women in local-level decision-making is higher than their participation at the national level.** However, the percentage is still very low, and further affirmation of women's local-level participation is necessary. According to partial data from 2012, 9.8% of mayors were women, and a limited sample indicates that 9.8% deputy mayors were women. Women comprise the majority of the heads of cabinet – a limited sample indicates that this position is held by women in 49.2% of cases, while in 43.2% of cases no one has been appointed to this position.¹⁰²⁴
- 5.7.78. **The level of participation of persons with disabilities in political and public life** is particularly low.¹⁰²⁵ This refers to their exclusion from decision-making processes, the lack of information in the course of political campaigns, as well as the inaccessibility of information, electoral seats and voting materials.
- 5.7.79. An important step towards the social participation of young people in the Republic of Serbia has been made with the adoption of the **Law on Youth**.¹⁰²⁶ This law established the organisational and institutional framework that should increase youth participation in social processes.¹⁰²⁷ The Law on Youth has proclaimed the youth sector as an area of public interest, and the Republic of

¹⁰¹⁸ Annual summary report on the expenditure of funds to support the programmes and project activities earmarked for and transferred to associations and other civil society organisations from the public funds of the Republic of Serbia in 2012: <http://civilnodrustvo.gov.rs/zbirni-izvestaj/godisnji-zbirni-izvestaj-2012/>

¹⁰¹⁹ Ibid.

¹⁰²⁰ Office for Cooperation with Civil Society, Report on the Results of the Programme Europe for Citizens 2013, available at: <http://civilnodrustvo.gov.rs/vesti/odlicni-rezultati-programa-evropa-za-gradjane-gradjanke-u-2013-godini/>

¹⁰²¹ Official Gazette of RS, No 9/10.

¹⁰²² More details on the Rules of Procedure are available at:

http://www.parlament.gov.rs/content/lat/akta/poslovnik/poslovnik_ceo.asp

¹⁰²³ European Commission's Annual Report on the Progress of the Republic of Serbia in the Process of European Integration for 2013, pg. 9.

¹⁰²⁴ Gender Equality Directorate, the Ministry of Labour, Employment and Social Policy, Women and Local-level Decision-making, Belgrade 2012, pg. 19, available at:

http://www.gendernet.rs/files/Publikacije/Publikacije/Zene_i_odlucivanje_lokal.pdf

¹⁰²⁵ Centar za orijentaciju društva, *Izveštaj: Pristupačni izbori – učešće osoba sa disabilitytetom u političkom i javnom životu*, 2014.

¹⁰²⁶ The Law on Youth, Official Gazette of RS, No 50/11.

¹⁰²⁷ Dejan Milenković, *Participacija i učešće mladih u društvenim procesima u Republici Srbiji*, Centar za novu politiku - CNP, Beograd, 2013.

Serbia, autonomous provinces and local governments must provide funds for the implementation of programmes and projects of public interest within the youth sector.¹⁰²⁸

- 5.7.80. Electoral legislation stipulates that **national minorities** must be represented with a certain number of deputies in the National Assembly, which enables their significant political participation. Political parties and coalitions of national minorities won 11 seats in the new composition of the National Assembly.
- 5.7.81. **The lack of a unified legal framework to respond to petitions, complaints and other citizen proposals**¹⁰²⁹ significantly influences the level of social participation. This puts into question not only the implementation, but also the very purpose of the right to petition as a constitutionally guaranteed right,¹⁰³⁰ both at the central and lower levels of government in the Republic of Serbia.

MEASURES AND PROGRAMMES

- 5.7.82. The project **Integrated Response to Violence against Women in Serbia**¹⁰³¹ has been implemented by the Ministry of Labour, Employment, Social and Veteran Affairs since December 2012, with financial support from the United Nations Fund for Combating Violence against Women.¹⁰³² The project's objective is to strengthen the capacity of institutions and organisations which provide protection services to victims of domestic violence, as well as to raise public awareness on the unacceptability of violence as a model of behaviour, with a view towards creating a social environment which would perform preventively.¹⁰³³
- 5.7.83. The project **Towards a Comprehensive System to Combat Violence against Women** was carried out by the Provincial Secretariat for Labour, Employment and Gender Equality of the Autonomous Province of Vojvodina, with financial support from the United Nations Fund for Combating Violence against Women, in the period 2008-2012. The general objective of this project was to contribute to the elimination of domestic violence and gender-based violence, through creating a framework and necessary prerequisites for the successful implementation of the Strategy for Protection from Domestic Violence and other Forms of Gender-based Violence in the Autonomous Province of Vojvodina.¹⁰³⁴
- 5.7.84. In 2012, with the support from the EU PROGRESS programme, the former Department of Human and Minority Rights launched activities to advance the coordination of projects among national councils of national minorities as well as their financing, and in particular, their reporting on spending budget funds.
- 5.7.85. The Office for Human and Minority Rights is the beneficiary of a project entitled "Technical Support to the Office for Human and Minority Rights in the Implementation of the National Strategy for Roma Inclusion", which is implemented by the Organisation for Security and Cooperation in Europe (OSCE) Mission in Serbia, with financial support from the Swedish International Development Agency (SIDA). The project focuses on the following issues: improving the quality and scope of information on the status and effects of Roma inclusion policies; improving monitoring and coordination mechanisms; improving the participation of the

¹⁰²⁸ Dejan Milenković, *Komentar Zakona o mladima*, BOŠ-MOS, Beograd, 2012.

¹⁰²⁹ *Peticije i predlozi - pravo i praksa*, Komitet pravnika za ljudska prava, Beograd, 2010, pg. 39.

¹⁰³⁰ The Constitution of the Republic of Serbia, Official Gazette of RS, No 98/06, Article 56.

¹⁰³¹ This project has been conducted under the auspices of the United Nations in Serbia and with the direct participation of three UN agencies: the United Nations Development Programme (UNDP), the United Nations Agency for Women's Empowerment and Gender Equality (UN Women) and the UN Children's Fund (UNICEF).

¹⁰³² UN Trust Fund to End Violence against Women.

¹⁰³³ More information on this programme at: <http://sigurnakuca.net/upload/documents/SRBfinal.pdf>

¹⁰³⁴ More information on this project at: <http://www.psrzrp.vojvodina.gov.rs/pages/StopNasilju.php>

Roma in inclusion policy planning, implementation and monitoring; improving the policies of Roma inclusion on the local level and improving access to public services.¹⁰³⁵

- 5.7.86. Since June 2013, the Office for Human and Minority Rights also coordinates implementation of a EUR 4.8 million, IPA 2012-funded project entitled “Technical Support for Roma Inclusion” to support the realisation of the Strategy for Improving the Position of Roma. The project aims to improve the coordinated delivery of local services through introducing mobile teams in 20 pilot local government units, improve living conditions in Roma settlements, reduce the number of legally invisible persons by supporting their registration, build the capacities of Roma civil society, etc.¹⁰³⁶
- 5.7.87. In 2012, the Ministry of Youth and Sports implemented the programme Construction of Sports Facilities for Persons with Special Needs and Disabilities and the Adaptive Reconstruction of Existing Sports Facilities for Persons with Disabilities, in accordance with the Strategy for Development of Sports.¹⁰³⁷
- 5.7.88. In 2012, the former Ministry of Labour, Employment and Social Policy implemented the programme **Improving the Protection of Persons with Disabilities**, which supported projects by 34 organisations of persons with disabilities. Two other projects were also implemented: the One-year Programme of Implementation of Priority Actions in Three Areas of the National Action Plan for the Implementation of the National Strategy for Advancing the Position of Women, and the Improvement of Gender Equality and Combat against Sexual and Gender-based Violence against Women.¹⁰³⁸ In addition, the ministry carried out the following projects: Support to Access to Rights, Employment and Improved Living Conditions for Refugees and Internally Displaced Persons in the Republic of Serbia; Joint Programme for Combating Trafficking in Human Beings and Introduction to Anti-discrimination Issues in the Social Policy Area.¹⁰³⁹
- 5.7.89. The Civil Society Enabling Environment Project was implemented by the Office for Cooperation with Civil Society in 2012.¹⁰⁴⁰ The Office benefits from technical assistance of the IPA Civil Society Facility Programme 2011-2013, under the three-year project entitled “EU Support to the Office for Cooperation with Civil Society”, totalling some EUR 1,200,000. As of 2014, the Office is the beneficiary of the USAID project Creating Enabling Environment for Civil Society, totalling USD 215,000.
- 5.7.90. In order to follow up on recommendations of the Committee of Ministers of the Council of Europe to combat discrimination on grounds of sexual orientation or gender identity, the former Department of Human and Minority Rights launched an initiative to participate in the Council of Europe project **Combating Discrimination on Grounds of Sexual Orientation or Gender Identity**. The Republic of Serbia became one of the partner countries in this project in 2012.¹⁰⁴¹ Under this project, the Office for Human and Minority Rights organized the first conference dedicated to the rights of LGBT persons in December 2012 in Belgrade. A multilateral meeting of all partner countries participating in the project entitled “Healthcare and Social Protection of LGBT Persons” was organized in March 2013 in Belgrade to present good practices and exchange experiences in this area.

¹⁰³⁵ Annual Report of the Office for Human and Minority Rights for 2013, January 2014. The report is available at the following website: http://www.ljudskaprava.gov.rs/images/pdf/Godisnji_izvestaj_o_radu_KLJMP_za_2013_SRB.pdf

¹⁰³⁶ Annual Report of the Office for Human and Minority Rights for 2013, pages 20-23.

¹⁰³⁷ Report on the Work of the Government 2012, page 511.

¹⁰³⁸ Report on the Work of the Government 2012, pages 555-556.

¹⁰³⁹ Report on the Work of the Government 2012, pages 555-556.

¹⁰⁴⁰ Report on the Work of the Government 2012, page 855.

¹⁰⁴¹ Office for Human and Minority Rights, Report for 2012

- 5.7.91. The Office for Human and Minority Rights, in cooperation with the Social Inclusion and Poverty Reduction Unit and with support of the Kingdom of Norway, implements a two-year project entitled “Creating Tolerance and Understanding for LGBTI Population in Serbian Society”.¹⁰⁴²
- 5.7.92. Between September 2013 and May 2014, the Office for Human and Minority Rights, in cooperation with the Duga Association from Šabac and with the support of the Council of Europe and the Embassy of the United Kingdom, conducted 35 trainings on working with LGBTI persons and their families, which were attended by 738 persons employed in 146 social work centres.
- 5.7.93. The Office for Human and Minority Rights, in cooperation with the Commissioner for Protection of Equality, carries out the **Implementation of Anti-discrimination Policies** project financed by IPA 2011 funds. The purpose of the project is the effective implementation of anti-discrimination policies in line with European standards and examples of good practice.¹⁰⁴³
- 5.7.94. In the period from November 2012 through May 2013, the Office for Human and Minority Rights, with the support of the embassies of the United Kingdom and the Netherlands, conducted a project of six-month internships for 12 members of the Albanian, Bosnian and Roma national minorities in administrative bodies whose activities are relevant to the exercise of collective minority rights.¹⁰⁴⁴ The Office, with the support of the embassies of the United Kingdom and the Netherlands, SIDA and the OSCE, continued this activity in the period from November 2013 through May 2014.
- 5.7.95. In the period between 2010 and 2012, the Ombudsman conducted the pilot project **Electronic Access to the Ombudsman**.¹⁰⁴⁵ The objective of the project was to contribute to advancing the rights of citizens, particularly those living in smaller towns and cities, through higher visibility of and facilitated access to this institution.¹⁰⁴⁶ In the course of the project, 838 citizens contacted the Ombudsman from local libraries and 1,500 citizens received information about the project and competencies of this institution in libraries. The number of complaints filed with the Ombudsman from the towns and municipalities in which the project was carried out increased by 125% in comparison to the period before the project was launched.

CONCLUSIONS

- 5.7.96. With regard to the international framework, the Republic of Serbia has a **proactive policy towards acceding to international conventions**, and a series of bilateral agreements with countries in the region were concluded in the previous period. As a candidate country for EU membership, the Republic of Serbia must make additional efforts in the upcoming period to align the legal framework in this field with the *acquis* on human rights and the protection of minorities. To begin with, the harmonisation of domestic legislation with secondary sources of EU law in the field of anti-discrimination and the prevention of racial hatred and xenophobia should be continued. The European Commission pointed out that certain provisions of the Anti-discrimination Law still need to be aligned with the *acquis*. This includes the scope of exceptions

¹⁰⁴² Annual Report of the Office for Human and Minority Rights 2013, January 2014 (www.ljudskaprava.gov.rs)

¹⁰⁴³ Serbian European Integration Office, National Programme for the Adoption of the Acquis 2013-2016, pg. 44.

¹⁰⁴⁴ Annual Report of the Office for Human and Minority Rights 2013, January 2014 (www.ljudskaprava.gov.rs).

¹⁰⁴⁵ Electronic Access to the Ombudsman, website of the Ombudsman, published on January 28, 2014: <http://www.ombudsman.rs/index.php/lang-sr/2013-06-04-11-32-23/3164-2014-01-28-10-42-34> (accessed on February 18, 2014). The project was implemented in cooperation with the Librarian Association of Serbia, libraries and local self-government bodies in 15 selected municipalities in Serbia and with financial support of the Government of the Kingdom of Norway.

¹⁰⁴⁶ The citizens were able to communicate with the Ombudsman through video link (Skype) from local libraries in Leskovac, Bor, Bačka Topola, Šid, Svilajnac, Kruševac, Novi Pazar, Dimitrovgrad, Prijepolje and Užice. The administration of the Ombudsman was available for all their questions and complaints.

from the principle of equal treatment, the definition of indirect discrimination and the obligation to provide an adequate work environment for employees with disabilities.¹⁰⁴⁷

- 5.7.97. Although the **Constitution of the Republic of Serbia** is aligned with modern standards of human and minority rights, in one section it still contains minor ambiguities that need to be removed. However, it is necessary to take into account the fact that the constitution is considered “rigid”, i.e. difficult to change, which requires an extensive and demanding procedure, and a high degree of consensus in the National Assembly.
- 5.7.98. As in the previous period, in the field of statistics there remains a **deficiency in specific indicators** to monitor and analyse the effects of adopted measures, as well as in the data for the systemic monitoring of the conditions and improving status of minorities and vulnerable social groups. It is necessary to continue improving sex-aggregated statistics and gender-responsive budgeting.
- 5.7.99. Despite obvious results, it is necessary to further support the **improvement of the work of independent bodies** in the forthcoming period and to ensure that their decisions and recommendations are implemented. While there has been some progress, there is still a need to improve the **protection of human rights defenders** in cases of attacks and threats against their integrity and security.
- 5.7.100. In addition to achieved results, it is necessary to expand accommodation capacities in existing asylum centres and strengthen the administrative capacities of institutions in charge of asylum and readmission.
- 5.7.101. There is a lack of compliance between regulations and the standards set in the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence with regard to the issue of femicide, along with a lack of adequate coordination in the system of response to violence against women, a lack of urgent measures for protecting victims of violence and inadequate solutions for compensating victims of crimes.
- 5.7.102. Progress has been made in improving the status of the Roma in the Republic of Serbia, with a focus on resolving practical problems and providing adequate resources for the implementation of priorities. The process of developing the Strategy for Advancing the Status of the Roma 2015 – 2020, together with a related action plan, has commenced. It is necessary to continue work on the coordination of measures in order to achieve better results in their implementation. It is also necessary to strengthen cooperation and coordination of the activities of local governments and relevant ministries in order to resolve the issue of legally invisible persons. Furthermore, it is necessary to ensure the practical implementation of regulations facilitating the registration of the place of residence in centres for social work.
- 5.7.103. It is evident that RATEL is focused on regulating tariffs and reaching an agreement between operators on the distribution of areas in which they will provide **universal services** in proportion to market share and the principle of minimal burden. However, it remains unclear how and when it will supply the infrastructure for covering the 39 locations in which there is no mobile phone signal and no fixed telecommunications network, or in which the number of fixed telecommunications connections fails to meet the needs.
- 5.7.104. Bearing in mind that **the final deadline for the digital switchover will expire soon** (June 17, 2015), it is essential that the Government adopts and implements an appropriate support scheme for vulnerable social groups in this process as soon as possible as well as earmark adequate budgetary resources for its implementation.

¹⁰⁴⁷ Serbia 2013 Progress Report.

5.7.105. Although progress has been made in the field of **social participation**, the involvement of the public in decision-making process will remain a challenge in the forthcoming period. Additional efforts should be made to involve CSOs in the further EU accession process, as well as in the process of drafting national legislation.

LINES OF ACTION

5.7.106. It is necessary to continue the **training of all relevant stakeholders** in implementing the legal provisions which govern the protection of and respect for human and minority rights (the judiciary, the police, public prosecutors and judges, and staff in state administration, provincial and local government authorities), as well as to educate teachers and associates on all educational levels, children and youth of all ages and citizens at large about discrimination and prevention and eradication mechanisms.

5.7.107. It is necessary to **initiate debate on needs and priorities** in the event of a possible amendment of the Constitution of the Republic of Serbia in the section which governs human and minority rights.

5.7.108. With respect to the international framework, it is necessary to **make further efforts towards the full implementation of fundamental international human rights instruments**, to ensure implementation of the recommendations of United Nations treaty bodies, especially those which monitor implementation of the United Nations conventions on human rights. This should be done through coordination and consultations with experts and civil society. It is necessary to establish a **national mechanism** for implementing recommendations of the United Nations treaty bodies, as well as to apply the United Nations human rights indicators, as provided in the 2012 document of the Office of the High Commissioner of the United Nations.¹⁰⁴⁸

5.7.109. In the process towards full-fledged EU membership, it is necessary to **harmonise the existing legal framework with the primary and secondary sources of EU law** and to establish strategies and strategic documents which will be aligned with strategic EU documents on human rights and the protection of minorities.

5.7.110. It is necessary to **conduct a consultation process in order to draft missing and harmonise existing legislation** in the areas addressed in this chapter, as well as organise regular exchanges with stakeholders on key thematic priorities, particularly active inclusion, child poverty, Roma inclusion, homelessness and financial exclusion.

5.7.111. It is necessary to strengthen the involvement of local governments in the processes of adopting strategic documents and legal instruments, and particularly their involvement in and contribution to the EU negotiation process.

5.7.112. It is necessary to facilitate the financial sustainability of the SEKO mechanism and build the capacity of civil society organisations as actors in IPA planning and programming.

5.7.113. Special attention should be paid to the adoption of labour law provisions which will further safeguard the equal status and gender equality of employees and ensure compliance of legislation with ratified international conventions, such as the Convention on the Rights of the Child, the Maternity Protection Convention and the Revised European Social Charter. In the process of drafting labour legislation and harmonising it with the standards laid down in the *acquis*, it is necessary to **prevent discrimination against women in the workplace** and in other labour-related rights. It is also necessary to ensure consistent implementation of anti-discrimination

¹⁰⁴⁸ See the document: Indicators of human rights – a Guide for Measuring and Implementation, available at: <http://www.ljudskaprava.gov.rs/images/pdf/eu/Indikatori%20ljudskih%20prava1.pdf>

policy instruments in the area of employment (particularly those incorporated in the national employment action plans and measures which promote the employment of women). Furthermore, it is necessary to undertake measures to reduce gender inequality in the labour market and to eliminate disparity in wages between men and women.

- 5.7.114. It is necessary to **continue prison system reform**, in order to provide adequate conditions for the accommodation of persons deprived of their liberty. As regards persons with mental disorders, it is **necessary to accelerate and improve the process of their deinstitutionalisation**.
- 5.7.115. It is necessary to continue to **improve the conditions for efficient policing and the operation of judicial institutions** in cases of violations of human and minority rights, discrimination, instigation of intolerance and expression of hatred towards members of ethnic, religious, sexual and other minorities. It is necessary to strengthen and fully utilise the capacity of community policing.
- 5.7.116. It is necessary to further **improve the position of vulnerable population groups, especially those that are the most discriminated against** (women, LGBTI persons, ethnic minorities – especially the Roma, children, persons with disabilities, refugees, internally displaced persons and asylum seekers, members of certain religious communities, etc.) through legislative and regulatory reform, consistent and full implementation of the existing legislative and regulatory framework, prevention of discriminatory practices, suppression of hate speech, etc.
- 5.7.117. It is necessary to continue advancing the coordinated approach of competent institutions in the prevention and eradication of violence in relationships, in particular violence against women and children.
- 5.7.118. It is necessary to develop an asylum system to ensure the successful opening and closing of negotiations in the field of asylum. Negotiations with the EU and Member States in this field should be utilised to create and complement the existing asylum system by the closing of the relevant negotiation chapter. The most important instrument for monitoring the progress of negotiations under Chapter 24 will be the successful and timely implementation of the relevant action plan, which is a precondition for opening negotiations. It is evident that progress will be measured against interim benchmarks, which will be necessary to enter the second phase in which closing benchmarks will be identified.
- 5.7.119. It is necessary to strengthen cooperation among the police, local trustees in charge of refugee and migration issues, centres for social work and local migration councils with regard to the exchange of data and coordination at the local level. It is necessary to continue building the capacities of migration councils in line with the measures envisaged in local action plans.
- 5.7.120. The capacities of the Readmission Office at the Nikola Tesla airport in Belgrade should be built to provide counselling and psychological support services to citizens returned to the Republic of Serbia under the Readmission Agreement.
- 5.7.121. It is necessary to **apply the methodology of the EU Gender Equality Index in order to obtain data comparable with the EU**. It is necessary to reinforce a coordinated approach and the effectiveness of mechanisms for combating violence against women at the national and local level and to continue improving gender-sensitive statistics and collecting data on gender-based violence.
- 5.7.122. It is necessary to establish an institutional framework for the implementation of gender equality policy in the Republic of Serbia.
- 5.7.123. It is necessary to **renew the work** of national minority councils and ensure regular sessions by their members.

- 5.7.124. It is necessary to establish a mechanism for regular reporting on the Anti-discrimination Strategy and its action plan in order to improve the system of monitoring and implementation.
- 5.7.125. It is necessary to improve the **protection of human rights defenders** in cases when they are attacked and their integrity and safety jeopardised, through the full implementation of the United Nations Declaration on Human Rights Defenders.
- 5.7.126. It is necessary to adopt the Law on Children's Rights and the Law on Free Legal Aid.
- 5.7.127. It is necessary to promote affirmative measures for the **prevention of violence, particularly among children**, in the family and at sports events. Special affirmative action aimed at recognising and reporting violence is needed.
- 5.7.128. It is necessary to establish codes of conduct for media reporting on vulnerable groups, in order to ensure dignified reporting and prevent additional stigmatisation of socially excluded individuals.
- 5.7.129. In order to increase the transparency of public administration and facilitate access to its information, it is necessary to prescribe the **obligation of all public administration bodies to build and regularly maintain their websites**. Furthermore, the ministry competent for state administration and local self-government should adopt a by-law which will lay down the minimum content and functionality standards of websites, including the minimum requirements regarding electronic accessibility.
- 5.7.130. Communication with citizens by electronic means and in electronic form should be introduced as a legal obligation of state authorities through Amendments to the Law on Administrative Procedure.
- 5.7.131. It is vital to adopt a by-law through which RATEL would regulate the process of documenting and exercising the right to reimbursement of excessive operator fees, and prescribe the operators' obligation to reduce prices of the port and basic telecommunication services package at a fixed location for vulnerable users. Regardless of the fact that the number of phone booths is decreasing, RATEL should prescribe minimum functional requirements so that new or replaced phone booths would be accessible in conformity with regulations.

Annex 1 – Tables and Figures

Table 1 - At-risk-of-poverty rate and at-risk-of-poverty threshold (% of income arithmetic mean) in the Republic of Serbia, 2012

% of income arithmetic mean per consumption unit	At-risk-of-poverty rate	At-risk-of-poverty threshold, per month					
		One adult			Two adults with two children up to the age of 14		
		RSD	EUR	PPS	RSD	EUR	PPS
60%	32.0%	16,366	145	271	34,368	304	569
40%	17.5%	10,911	96	181	22,912	203	380
50%	24.5%	13,638	121	226	28,640	253	475

Source: SILC, SORS.

Table 2 - Relative poverty indicators for the Republic of Serbia, 2006-2010

	2006	2007	2008	2009	2010
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At-risk-of-poverty rate	23.5	22.8	20.2	21.2	20.6
At-risk-of-poverty threshold per month per consumption unit, RSD, for one person	7,838	9,231	10,800	12,261	12,260
Relative at-risk-of-poverty gap, %	32.2	30.8	25.9	24.1	29.1

Source: HBS, SORS. From: Monitoring Social Inclusion in the Republic of Serbia, Government of the Republic of Serbia, 2012.

Note: Household income does not include income in kind.

Table 3 - Income distribution by different income groups in the Republic of Serbia, 2012

	Arithmetic mean of equivalized income			Ratio of the median income above the at-risk-of-poverty threshold to that below the at-risk-of-poverty threshold
	EUR	RSD	PPS	
Below 40% of the median equivalised income	44	4,949	82	6.2
Above 40% of the median equivalised income	272	30,731	509	
Below 50% of the median equivalised income	57	6,448	107	5.0
Above 40% of the median equivalised income	283	32,033	531	
Below 60% of the median equivalised income	70	7,954	132	4.2
Above 40% of the median equivalised income	297	33,577	556	
Below 70% of the median equivalised income	82	9,269	154	3.8
Above 40% of the median equivalised income	311	35,169	583	

Source: SILC, SORS.

Table 4 - Arithmetic mean of equivalized income by most frequent activity status and sex in the Republic of Serbia, 2012, RSD

Economic activity of members of households	18+	18–64	65+
Total	27,842	27,850	27,812
male	28,089	27,577	30,336
female	27,615	28,118	25,986
Employed	33,524	33,615	29,604
male	32,188	32,207	31,478
female	35,264	35,431	25,958
In dependent employment	37,581	37,467	78,874
male	36,432	36,283	70,557
female	38,916	38,839	127,931
Self-employed	22,288	22,076	24,789
male	22,371	22,031	26,388
female	22,140	22,158	21,930
Non-employed	24,001	22,080	27,731
male	24,361	21,451	30,253
female	23,739	22,547	25,986

Unemployed	16,986	16,952	27,782
male	16,422	16,437	13,101
female	17,663	17,568	94,275
Pensioners	29,545	30,366	29,109
male	30,481	30,285	30,564
female	28,860	30,412	27,896
Other inactive	22,210	22,960	18,574
male	25,840	25,952	24,017
female	20,834	21,601	18,016

Source: SILC, SORS.

Table 5 - Equivalent income inequality indicators in the Republic of Serbia based on HBS data, 2006-2010

	2006	2007	2008	2009	2010
Quintile ratio C80/C20	6.9	6.5	5.5	5.2	5.7
Gini coefficient (*100)	35.4	34.1	32.1	31.2	33.0

Source: HBS, SORS. Monitoring Social Inclusion in the Republic of Serbia, Government of the Republic of Serbia, 2012.

Note: Income in kind is excluded from total income.

Table 6 - Material deprivation rate and severe material deprivation rate by sex and age, Republic of Serbia, 2012

	Severe material deprivation rate, %	Material deprivation rate, %
Total	26.9	44.3
male	26.8	43.7
female	27.0	44.9
0-17		
total	27.4	44.2
male	27.7	43.4
female	27.0	45.0
18-64		
total	26.7	43.8
male	27.4	44.5
female	26.0	43.1
65+		
total	26.9	46.6
male	22.9	41.0
female	29.9	50.7

Source: SILC, SORS.

Table 7 - Population of the Republic of Serbia, 2012

	Republic of Serbia	Belgrade Region	Vojvodina Region	Šumadija and Western Serbia Region	Southern and Eastern Serbia Region
Number of inhabitants	7,199,077	1,664,218	1,922,017	2,018,248	1,594,594
Live births	67,257	18,362	17,932	17,931	13,032
Deaths	102,400	20,725	27,470	28,448	25,757
Natural growth	-35,143	-2,363	-9,538	-10,517	-12,725
Crude birth rate (‰)	9.3	11.0	9.3	8.9	8.2
Crude mortality rate (‰)	14.2	12.5	14.3	14.1	16.2
Crude natural growth rate (‰)	-4.9	-1.4	-5.0	-5.2	-8.0
Total fertility rate	1.45	1.48	1.44	1.46	1.37
Infant mortality	415	108	99	117	91
Infant mortality rate (‰)	6;2	5;9	5;5	6;5	7;0
Life expectancy at birth					
Girls	77.3	78.3	76.6	77.5	75.4
Boys	72.2	73.1	71.1	73.0	69.8
Average age of the population	42.2	41.8	41.8	42.3	43.3
Ethnic structure as indicated in the Population Census 2011*					
Serb	83.32	90.72	66.76	88.57	89.11
Albanian**	0.08	0.08	0.12	0.03	0.11
Bosniak	2.02	0.10	0.04	7.03	0.01
Bulgarian	0.26	0.07	0.08	0.02	0.99
Bunjevtsi	0.23	0.01	0.85	0.0	0.0
Vlach	0.49	0.01	0.01	0.10	2.10
Goranian	0.11	0.32	0.06	0.03	0.04
Yugoslav	0.32	0.49	0.63	0.08	0.09
Hungarian	3.53	0.11	13.00	0.02	0.03
Macedonian	0.32	0.42	0.54	0.09	0.23
Muslim	0.31	0.24	0.17	0.71	0.03
German	0.06	0.03	0.17	0.01	0.01
Roma	2.05	1.65	2.19	1.02	3.66
Romanian	0.41	0.08	1.32	0.03	0.13
Russian	0.05	0.08	0.06	0.02	0.02
Ruthenian	0.20	0.01	0.72	0.0	0.0
Slovak	0.73	0.13	2.60	0.01	0.01
Slovenian	0.06	0.09	0.09	0.01	0.03
Ukrainian	0.07	0.03	0.22	0.01	0.01

Croat	0.81	0.47	2.43	0.08	0.09
Montenegrin	0.54	0.60	1.15	0.19	0.17
** Incomplete coverage.					

Source: 2011 Population Census, SORS

Table 8 - Beneficiaries of social welfare services in local governments by the type of settlements, 2012

Type of service	Urban regions (%)	Other regions (%)
At-home assistance for the elderly	53.76	46.24
At-home assistance for adult persons with disabilities	67.75	34.25
At-home assistance for children with disabilities	39.61	60.39
Day-care for children with disabilities	69.31	30.69
Day-care for the elderly	91.19	8.81
Day-care/center for youth and children with behavioural disorders	82.17	17.83
Personal assistance for adults	48.47	51.53
Drop-in center	89.18	10.82
Shelter (of general type)	69.15	30.85
Shelter for children	76.97	23.03
Shelter for victims of domestic violence ("safe house")	37.30	62.70
Shelter for victims of trafficking in human beings	-	-
Respite residence	80.58	19.42
Supported housing for persons with disabilities	84.75	15.25
Supported housing for youth	50.00	50.00
Counselling service	82.44	17.56
Club	67.73	32.27
Other services	71.53	28.47
Source: Systematized based on the Database of Social Protection Services on the Local Level, 2012		

Table 9 – NEET indicator: number of youth who are not in education or training, 2011-2013

No.	Category	15-24			18-24		
		2011	2012	2013	2011	2012	2013
1.	Population, total	842,322	813,067	767,555	607,842	602,314	556,369
2.	Active population	239,537	240,917	220,305	233,044	234,339	215,642
2.1.	Employed	117,716	117,926	111,437	113,526	114,161	109,144
2.2.	Unemployed	121,821	122,990	108,868	119,518	120,178	106,497
2.2.1.	<i>In training or education*</i>	6,858	9,417	13,845	6,858	8,781	13,504
2.2.2.	<i>Not in training or education*</i>	114,962	113,572	95,022	112,660	111,396	92,993
3	Inactive population	602,784	572,150	547,250	374,797	367,975	340,726

3.1.	<i>In education or training*</i>	538,009	511,045	492,308	316,675	313,141	292,954
3.2.	<i>Not in education or training*</i>	64,775	61,105	54,942	58,121	54,834	47,772
4.	NEET (2.2.1 + 3.2)	179,737	174,677	149,964	170,782	166,230	140,765
5.	Share in total population	21.3%	21.5%	19.5%	28.1%	27.6%	25.3%

* Note: in the period of four weeks preceding the survey

NEET - Not in employment, education or training. Definition in line with the EC proposal http://europa.eu/rapid/press-release_MEMO-11-52_en.htm?locale=enNEET

Source: Republic Statistical Office, Labour Force Survey 2011, 2012 and 2013

Table 10 - Resources from the budget of the Republic of Serbia for active labour market programmes, 2011-2013, in RSD

Active labour market programme	Planned funds		
	2011	2012	2013
Active job search	10,000,000	10,000,000	4,000,000
Additional education and training	1,790,000,000	2,390,000,000	675,000,000
Employment subsidies	1,400,000,000	500,000,000	342,240,000
Public works	700,000,000	500,000,000	158,760,000
Resources from the budget of the Republic of Serbia	3,540,000,000*	3,400,000,000	1,180,000,000
Resources from contributions for unemployment insurance	2,601,496,000		
Total funds	6,141,496,000	3,400,000,000	1,180,000,000
% GDP	0.19%	0.10%	0.03%

* Note: Less resources paid to NES (RSD 360 million) due to insolvency.

Source: Ministry of Labour, Employment, Veteran and Social Affairs.

Table 11 - Budget Fund resources for professional rehabilitation and employment of persons with disabilities, 2011-2013, in RSD

Active labour market programmes	Planned funds		
	2012	2012	2013
MOLESA	1,460,174,000	910,000,000	994,976,000
National Employment Service	800,000,000	750,000,000	700,000,000
Total funds	2,260,174,000	1,660,000,000	1,694,976,000

Source: Ministry of Labour, Employment, Veteran and Social Affairs

Table 12 - Overview of unemployed persons benefiting the services and active employment policy programmes, 2011-2013

No	Service/active employment policy programmes	Number of unemployed persons benefiting the services and active employment policy programmes		
		2011	2012	2013
1	Mediation at the request of the employer	35,576	43,618	44,148

2	Professional orientation and career planning counselling	33,555	29,022	26,959
2.1.	Information on career development opportunities	3,064	4,297	4,051
2.2.	Counselling	10,206	9,136	8,362
2.3.	Selection and classification	20,285	15,589	14,546
3	Active job search	86,822	102,738	87,429
3.1.	Training for active job search / ATP-1	35,439	35,902	31,542
3.2.	Self-efficiency training / ATP-2	2,166	2,560	2,687
3.3.	Job club	3,530	3,777	3,580
3.4.	Employment fairs	45,687	60,499	49,62
4	Programmes of additional education and training	23,060	9,228	5,696
4.1.	Interns	10,852	-	-
4.2.	Vocational internship	6,738	2,736	2,455
4.3.	Training	5,470	6,318	3,096
4.4.	Acquisition of practical knowledge	-	174	145
5	Entrepreneurship training	12,006	10,970	12,799
6	Employment subsidies	11,222	3,023	3,606
6.1.	Self-employment subsidies	4,004	1,946	1,853
6.2.	Subsidies for opening new jobs	7,218	1,077	1,753
7	Public works	6,557	6,127	2,882
8	Programmes of stimulating employment of persons with disabilities and support measures	305	329	333
9	SERVICES, total (1 + 2 + 5)	81,137	83,610	83,906
10	Active labour market programmes, total (3+4+6+7+8)	127,966	121,445	99,946
TOTAL (9 + 10)		209.103	205,055	183,852
% of the average number of unemployed persons registered with NES		27.78%	26.92%	23.73%

Source: National Employment Service

Table 13 - Overview of persons employed after involvement in active labour market programmes, 2011-2013

Active labour market programmes	Number of persons employed after involvement in active labour market programmes		
	2011	2012	2013
Training for active job search / ATP-1	5,817	6,312	4,970
Self-efficiency training / ATP-2	185	245	290
Job club	637	655	566
Employment fairs	8,990	11,716	9,140

Interns*	5,359	-	-
Vocational internship	-	-	-
Training**	857	-	-
Acquisition of practical knowledge	-	174	145
Self-employment subsidies***	4,004	2,037	1,853
Subsidies for opening new jobs***	7,218	1,245	1,753
Public works****	6,557	6,127	2,882
Programmes of stimulating employment of persons with disabilities and support measures ***	305	329	333
TOTAL NUMBER OF EMPLOYED PERSONS	39,929	28,840	21,932
% of the total number of persons benefiting active labour market programmes	31.20%	23.75%	21.94%

* Entered employment as interns after the expiry of internship.

** Number of persons who completed training at the request of the employer and entered employment with the employer.
The effects of training on labour market are monitored after the completion of the training.

*** The measure implies the obligation of self-employment or employment.

**** Persons employed on a fixed-term for the duration of public works.

Source: National Employment Service

Table 14 - Population by education structure, by type of settlement and sex, by region, in % 2011
Population Census

Region or type of settlement			Total	Without education	Incomplete primary education	Primary education	Secondary education	College and higher education	Unknown
Republic of Serbia	TOTAL	t	6,161,584	2.7	11.0	20.8	48.9	16.2	0.4
		m	2,971,868	1.0	8.1	20.0	54.3	16.2	0.4
		f	3,189,716	4.2	13.7	21.5	43.9	16.3	0.4
	Urban	t	3,652,252	1.5	5.5	16.0	53.4	23.2	0.4
		m	1,720,408	0.6	3.1	14.2	58.2	23.5	0.4
		f	1,931,844	2.2	7.6	17.6	49.2	23.0	0.4
	Other	t	2,509,332	4.4	19.0	27.7	42.4	6.1	0.4
		m	1,251,460	1.6	15.0	27.9	48.9	6.2	0.4
		f	1,257,872	7.3	23.0	27.5	35.8	6.0	0.5
Belgrade Region	Urban	t	1,159,454	0.9	2.9	11.8	51.9	32.1	0.5
		m	533,765	0.4	1.2	10.1	55.5	32.3	0.5
		f	625,689	1.3	4.2	13.3	48.8	31.9	0.5
	Other	t	267,256	2.5	9.4	23.1	55.2	9.3	0.5
		m	132,550	0.9	6.0	21.2	62.4	9.1	0.4
		f	134,706	4.0	12.8	25.1	48.1	9.4	0.6
Vojvodina Region	Urban	t	981,279	1.6	7.2	17.8	54.1	19.1	0.3
		m	463,561	0.8	4.3	16.0	59.9	18.8	0.2
		f	517,718	2.3	9.7	19.4	48.9	19.4	0.3
	Other	t	673,060	3.4	15.8	27.5	46.3	6.7	0.2

Southern and Eastern Serbia Region	Urban	m	333,539	1.6	11.8	26.8	53.2	6.4	0.2
		f	339,521	5.1	19.8	28.3	39.5	7.0	0.2
		t	815,901	1.7	5.8	18.0	55.6	18.6	0.3
		m	388,014	0.6	3.2	16.0	60.6	19.3	0.3
		f	427,887	2.6	8.2	19.8	51.0	18.0	0.3
		t	917,311	4.9	21.1	28.3	39.8	5.6	0.4
	Other	m	459,188	1.4	17.6	29.2	45.8	5.7	0.4
		f	458,123	8.5	24.6	27.3	33.8	5.4	0.5
		t	695,618	2.1	7.2	18.2	52.7	19.5	0.3
	Urban	m	335,068	0.9	4.4	16.3	57.3	20.8	0.3
		f	360,550	3.3	9.7	19.9	48.4	18.3	0.4
		t	651,705	5.5	23.3	28.9	36.7	4.9	0.7
	Other	m	326,183	2.0	18.3	29.9	43.6	5.5	0.6
		f	325,522	9.0	28.3	27.8	29.8	4.3	0.7

Note: Data on education are given for persons aged 15+
Source: 2011 Population Census, SORS

Table 15 - Population of Serbian and Roma nationality, by education structure and region (in %), 2011 Population Census

	Nationality	Total	Without education	Incomplete primary education	Primary education	Secondary education	College and higher education	Unknown
Republic of Serbia	Total	6,161,584	164,884	677,499	1,279,116	3,015,092	1,000,569	24,424
	Serb	t	5,169,059	2.4	10.4	19.6	50.4	0.2
		m	2,497,244	0.7	7.6	18.9	55.7	0.2
		f	2,671,815	4.0	13.0	20.4	45.4	0.2
	Roma	t	100,126	19.5	34.2	33.3	11.5	0.8
		m	50,850	12.8	32.9	36.8	15.8	0.7
		f	49,276	26.4	35.5	29.7	7.1	0.8
Belgrade Region	Serb	t	1,299,301	0.9	3.9	13.5	53.6	27.9
		m	607,263	0.3	2.0	11.8	58.1	27.7
		f	692,038	1.4	5.5	15.0	49.7	28.1
	Roma	t	17,838	17.8	21.3	44.4	14.3	0.8
		m	8,935	10.9	18.2	48.4	20.1	1.1
		f	8,903	24.8	24.5	40.3	8.5	0.5
Vojvodina Region	Serb	t	1,104,169	2.2	8.8	19.6	53.8	15.5
		m	536,116	0.8	5.7	18.4	60.0	15.0
		f	568,053	3.5	11.6	20.8	48.0	15.9
	Roma	t	28,441	22.9	39.9	27.4	9.1	0.4
		m	14,636	16.2	40.3	30.6	12.1	0.5

Sumadija and Western Serbia Region	Serb	f	13,805	29.9	39.4	24.0	5.9	0.3	0.3
		t	1,555,190	3.2	14.2	22.4	48.0	12.0	0.2
		m	759,987	0.8	11.3	22.3	53.3	12.1	0.2
		f	795,203	5.4	17.0	22.6	42.9	11.8	0.2
	Roma	t	14,279	19.6	34.9	32.0	12.0	0.9	0.7
		m	7,198	13.6	34.5	34.5	15.6	1.2	0.6
		f	7,081	25.8	35.4	29.4	8.2	0.5	0.8
Southern and Eastern Serbia Region	Serb	t	1,210,399	3.2	13.9	22.7	46.9	13.0	0.2
		m	593,878	1.1	10.3	22.1	52.5	13.8	0.2
		f	616,521	5.3	17.4	23.3	41.5	12.3	0.3
	Roma	t	39,568	17.8	35.7	33.1	11.9	0.7	0.8
		m	20,081	11.0	33.6	37.0	16.7	0.9	0.8
		f	19,487	24.8	37.9	29.1	6.9	0.4	0.9

Note: Data on education are given for persons aged 15+

Source: 2011 Population Census, SORS

**Table 16 - Persons with disabilities by age and education structure, by type of settlement (in %),
2011 Population Census**

Age	Total	Without education	Incomplete primary education	Primary education	Secondary education	College and higher education	Unknown
Republic of Serbia - total	564,856	12.2	32.8	20.5	27.2	6.6	0.6
Urban	276,256	7.8	21.6	20.8	37.8	11.3	0.7
15-17	1,202	32.4	5.4	59.1	1.7	0.1	1.2
18-25	3,853	22.4	6.3	24.4	41.6	3.0	2.3
26-29	2,691	17.5	5.9	20.8	45.2	9.4	1.2
30-49	26,674	7.8	5.0	20.8	56.3	9.3	0.9
50-59	46,619	3.2	6.3	25.1	54.5	10.4	0.5
60-64	31,070	2.3	9.2	26.5	48.6	12.9	0.5
65+	164,147	9.6	31.7	18.2	28.0	11.9	0.7
Other	288,600	16.4	43.5	20.3	17.1	2.1	0.6
15-17	1,129	41.5	6.5	48.6	1.2	0.0	2.2
18-25	3,256	31.8	8.1	23.3	30.5	0.9	5.4
26-29	2,116	27.5	9.0	24.3	32.9	3.1	3.2
30-49	23,243	13.5	8.5	31.8	42.8	2.6	0.8
50-59	46,135	5.2	20.0	36.0	35.4	3.1	0.3
60-64	32,100	4.5	30.0	36.4	25.2	3.5	0.3
65+	180,621	21.2	57.7	11.6	7.4	1.6	0.5

Note: Data on education are given for persons aged 15+

Source: 2011 Population Census, SORS

Table 17 - Insured persons under article 22 of the Law on Health Insurance – persons whose health insurance is funded from the budget of the Republic of Serbia

Insurance grounds – title	Number of insured persons		
	2011	2012	2013
Children below the age of 15, schoolchildren and students	22.208	18.890	17.068
Women in connection with family planning, pregnancy, childbirth and maternity	3.134	2.434	2.092
Persons over the age of 65	56.790	61.184	62.218
Persons with physical or mental disabilities	5.353	5.323	5.170
The unemployed and other disadvantaged categories	1,097,092	1,151,850	1,176,112
Persons without livelihood who receive income support under the regulations on social protection and protection of veterans, military and civilian war-disabled and their family members who are not covered by health insurance	39.421	42.309	44.750
Recipients of permanent cash assistance, as well as assistance for placement in social care institutions or foster families	31.749	34.632	38.155
Assistance recipients – members of a family whose breadwinner is doing military service	10	8	6
Persons suffering from diseases of major socio-medical significance	7.934	7.485	7.066
Monks and nuns	1.005	1.031	1.008
Roma persons	4.298	4.687	4.525
Refugees and expellees and their immediate family members who are not covered by health insurance on other grounds	18.273	16.624	15.276
Domestic violence victims	-	-	10
Victims of trafficking in human beings	-	-	2
Persons covered by mandatory immunisation under regulations governing population protection against communicable diseases	-	-	1
Persons covered by targeted preventive examinations, i.e. screening, under the relevant national regulations	-	-	1
Total number of insured persons	1,287,268	1,346,457	1,373,478

Source: National Fund for Health Insurance

Table 18 - Life expectancy at birth by sex in the Republic of Serbia 2010–2012

Life expectancy at birth in years	2010	2011	2012
Males	71.4	71.6	72.6
Females	76.6	76.8	77.3
Botx sexes	74.0	74.2	74.7

Source: Dr Milan Jovanović Batut Institute for Public Health of Serbia. Health Statistical Yearbooks of the Republic of Serbia

Table 19 - Self-reported general health status of the adult population by age and sex, 2012

Age	Sex	Very good	Good	Fair	Poor	Very poor
18–65	Total	26.8	36.4	24.0	10.8	2.0

	Females	23.9	36.2	25.9	11.9	2.0
	Males	29.6	36.6	22.1	9.7	2.0
18+	Total	21.4	31.3	25.9	17.2	4.2
	Females	18.5	30.0	27.0	19.7	4.9
	Males	24.5	32.8	24.7	14.5	3.5
65+	Total	1.3	12.3	33.0	40.9	12.4
	Females	0.9	9.6	30.5	44.8	14.2
	Males	2.0	16.1	36.5	35.4	9.9

Source: Survey on Income and Living Conditions

Table 20 - Use of health care in the period 2010–2012

Indicators	Routine health statistics		
	2010	2011	2012
Average number of visits to primary health care providers per capita per year	8.1	8.0	8.0
Average number of visits to general practitioners by adults (19+) per year	5	5	5
Hospitalisation rate – inpatient episodes per 1,000 inhabitants	17.9	17.8	17.9
Inpatient days per 100 inhabitants	150.5	149.5	145.7
Average length of stay in days	8.4	8.4	8.1
Average daily bed occupancy (%)	73	72	69.7

Source: Dr Milan Jovanović Batut Institute for Public Health of Serbia. Health Statistical Yearbooks of the Republic of Serbia

Table 21 - Maternal mortality ratio and child mortality rates in the Republic of Serbia 2010–2012

Indicators	2010	2011	2012
Maternal mortality ratio – women's deaths in pregnancy, childbirth and puerperium per 100,000 live births	17.6	9.1	14.9
Perinatal mortality rate – stillbirths and neonatal deaths within seven days of birth per 1,000 births	9.0	8.8	-
Infant mortality rate – infant deaths per 1,000 live births	6.7	6.3	6.2
Under-5 mortality rate* – deaths of children before attaining the age of five per 1,000 live births	7.9	7.1	-

Source: Dr Milan Jovanović Batut Institute for Public Health of Serbia. Health Statistical Yearbooks of the Republic of Serbia

* DevInfo

Table 22 - Health care expenditure indicators

Indicators	2010	2011
Total health care expenditure as % of the GDP	10.4	10.4

Public health care expenditure as % of the GDP	6.4	6.5
Public health care expenditure (purchasing power standard – PPS)*	4,180,500,886	4,157,531,508
Public health care expenditure as % of the total expenditure	61.9	61.5
Public health care expenditure per capita, USD	338	387
Public health care expenditure per capita (purchasing power standard – PPS)*	552	561
Direct household payments as % of private health care expenditure	95.5	95.6
State expenditure on inpatient care as % of public health care expenditure	59.4	57.2
Total expenditure on medications as % of the total health care expenditure	30.9	31.3
Prevention and public health services as % of the total health care expenditure	6.3	6.3

Source: Global Health Expenditure Database. Available from URL: <http://apps.who.int/NHA/database/standardreport.aspx?ID=Serbia-NationalExpenditureonHealth>.

* The purchasing power standard – PPS was calculated by means of the deflators from the Eurostat database. <http://epp.EURtat.ec.europa.eu/portal/page/portal/statistics>

Table 23 - Household debt for utility bills, rent or housing loan repayment in 2013 (%)

	Debt for utility bills			Debt for rent or housing loan repayment		
	Total	Above 60% of the median equivalised income	Below 60% of the median equivalised income	Total	Above 60% of the median equivalised income	Below 60% of the median equivalised income
Single-member household	22.8	17.3	38.7	1.1	1.3	0.3
Female single-member household	18.5	15.3	28.9	0.6	0.8	-
Male single-member household	29.9	20.9	52.2	1.9	2.3	0.7
Single parent with one or more dependent children	48.2	40.6	61.8	5.3	3.5	8.5
One adult 65+	14.0	10.5	25.0	0.4	0.4	0.6
One adult under 65	34.2	26.6	54.7	1.9	2.6	
Two adults, no dependent children	25.7	20.8	43.8	1.1	1.2	0.4
Two adults, one dependent child	35.1	28.2	55.1	3.4	3.5	3.0
Two adults, two dependent children	40.3	34.7	57.4	3.4	3.6	2.8
Two adults under 65	32.7	27.8	47.7	2.1	2.5	0.7
Two adults, at least one 65+	18.4	14.1	38.2	-	-	-
Two adults, three or more dependent children	53.5	46.9	62.0	3.2	5.7	-
Three or more adults, no dependent children	36.3	32.0	54.4	0.8	0.7	1.3

Three or more adults with dependent children	43.4	38.2	58.2	0.7	0.8	0.4
Households with dependent children	42.3	36.4	58.2	2.1	2.2	1.7
Households without dependent children	29.9	25.3	47.0	1.0	1.0	0.7
Total	36.9	31.3	54.0	1.6	1.7	1.3

Source: Survey on Income and Living Conditions 2013

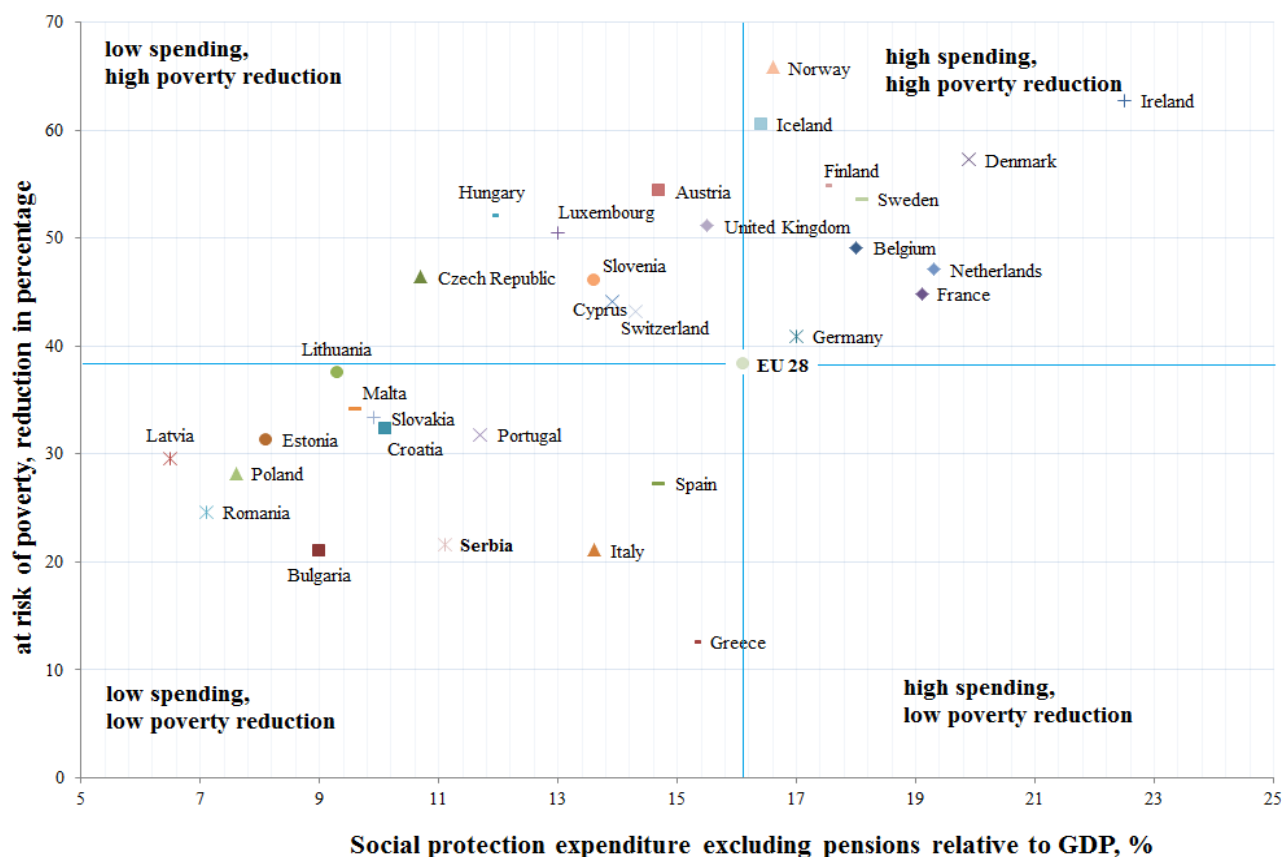
Table 24 - Inability of households to afford adequate heating of a dwelling in 2013 (%)

	Republic of Serbia (2013)			EU 28 (2012)			12 new EU Member States (2012)		
	Total	60% of the median equivalised income		Total	60% of the median equivalised income		Total	60% of the median equivalised income	
		Below	Above		Below	Above		Below	Above
Total	18.3	30.0	14.5	10.8	24.4	8.0	15.7	30.3	12.6
Three or more adults, no dependent children	17.6	28.1	15.1	13.6	31.0	11.5	14.3	31.1	12.4
Three or more adults with dependent children	17.8	29.2	13.8	15.9	30.4	12.0	17.7	31.0	14.0
Single-member households	23.0	36.5	18.2	12.2	21.8	9.0	22.7	38.6	17.6
Single parents with one or more dependent children	21.7	40.6	10.9	17.5	26.3	12.9	25.0	36.5	19.5
One adult 65+	20.3	30.8	16.8	12.9	23.4	9.9	24.2	38.4	19.6
One adult under 65	26.5	43.3	20.0	11.8	20.9	8.3	21.2	38.9	15.4
Female single-member households	23.9	34.1	20.6	13.1	22.1	10.0	23.4	37.4	18.9
Male single-member households	21.5	39.9	13.9	11.0	21.3	7.6	21.4	41.0	15.1
Two adults, no dependent children	17.9	28.6	15.0	8.3	21.3	6.6	15.7	33.3	13.6
Two adults, one dependent child	18.6	27.6	15.5	8.9	22.2	6.9	11.2	25.2	9.1
Two adults, two dependent children	15.0	27.6	10.9	8.1	23.6	5.3	10.6	21.3	8.5
Two adults under 65	19.5	27.0	17.0	8.0	24.4	5.9	14.8	32.1	12.5
Two adults, at least one 65+	16.3	30.8	13.1	8.6	17.8	7.4	16.9	35.3	15.1
Two adults, three or more	26.4	34.4	20.1	10.4	23.8	5.7	17.4	27.1	11.4

dependent children									
Households with dependent children	18.0	29.9	13.5	11.0	25.4	7.7	14.9	28.0	11.5
Households without dependent children	18.7	30.1	15.6	10.6	23.2	8.4	16.7	34.8	13.9

Source: for the 28 European Union Member States and the 12 new Member States – Eurostat; for the Republic of Serbia – Survey on Income and Living Conditions

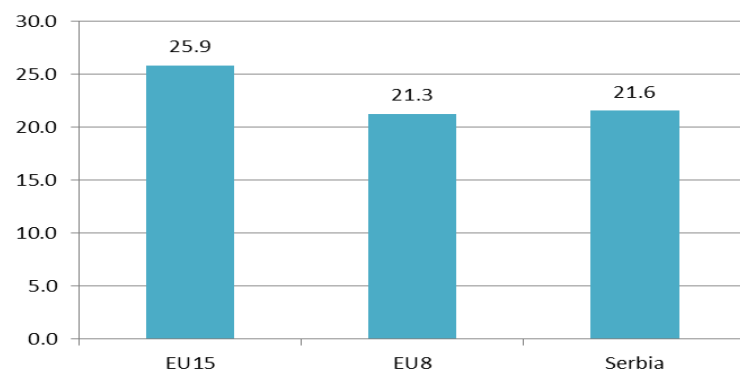
Figure 1 - Expenditures on social protection (excluding old-age and survivors' pensions), as % of GDP and % of reduced share of the population (aged 0-64) at risk of poverty, 2011



Source: Eurostat – SILC, ESSPROSS; for Serbia: SORS as source for the SILC survey

Note: In case of the Republic of Serbia, % of reduced at-risk-of poverty rate refers to 2012, while expenditures on account of pensions are reduced by the share of disability pensions for persons under 65 years of age in GDP, which is estimated at 1.2% of GDP and which is treated as a social transfer.

Figure 2 - Minimum pension as % of average earnings (full pensionable service)



Source: OECD, Pensions at a Glance (2009); World Bank, Pension Panorama (2007) for Lithuania, Latvia and Estonia; for the Republic of Serbia, Pension and Disability Insurance Fund (data for 2013).

Annex 2 – Analysis of EU-funded Assistance

National IPA social inclusion-related projects for the Republic of Serbia 2011 – 2013

Title	Year	Project beneficiaries	Project budget
Implementation of Anti-Discrimination Policies	2011	Ministry for Human and Minority Rights	2,200,000 EUR
Support to the Implementation of Strategies for IDPs, Refugees and Returnees	2011	Commissariat for Refugees	7,200,000 EUR
Support for Human Capital Development and Research	2011	Ministry of Education	18,100,000 EUR
Support for De-institutionalisation and Social Inclusion of Persons with Mental Disability and Mental Illness	2011	Ministry of Labour and Social Affairs	5,170,000 EUR
Preparation of Labour Market Institutions for European Employment Policy	2011	Ministry of Economy and Regional Development	3,500,000 EUR
Increasing the Effectiveness of Employment Policies towards Disadvantaged Groups	2012	Ministry of Economy and Regional Development	8,000,000 EUR
Strengthening the Capacity of Government and Social Partners to Use Social Dialogue as a Tool for the Development and Implementation of Social and Economic Reforms	2012	Ministry of Labour and Social Affairs	1,500,000 EUR
Improving the Quality, Coverage and Relevance of Education through Modernisation of VET and Dropout Prevention Interventions	2012	Ministry of Education and Science	3,800,000 EUR
Support To Social Inclusion of the most Vulnerable Groups, including Roma, through more Diversified Community-based Social Services	2012	Ministry of Labour and Social Affairs	6,000,000 EUR
Implementation of the Strategy for Improvement of the Status of Roma in the Republic of Serbia	2012	Ministry for Human and Minority Rights, Public Administration and Local Government	4,800,000 EUR
Increasing the Effectiveness and Inclusiveness of Employment Services through Development of Training System based on a “Skills Gap” Analysis, Design and Delivery of Tailored Programmes for Unemployed and Particularly PWDs and Employment Subsidies	2013	Ministry of Labour, Employment and Social Affairs	7,000,000 EUR
Social Inclusion and Poverty Reduction of Vulnerable and Multiply Disadvantaged Groups with Particular Emphasis on Children, the Elderly, Persons	2013	Ministry of Labour and Social Affairs, Ministry of Education, Science and Technological Development	8,500,000 EUR

with Disabilities and Income Support Users			
Improvement of Living and Housing Conditions among the Roma Population Presently Residing in Informal Settlements	2013	Office for Human and Minority Rights	11,000,000 EUR

Annex 3 - List of Laws Relevant for Social Inclusion and Poverty Reduction

List of adopted laws relevant for the process of social inclusion in the period 2011 – mid 2014	Published in:
Law on the Recovery from the Consequences of Floods in the Republic of Serbia	Official Gazette of RS, no 75/14
Law on Amendments to the Pension and Disability Insurance Law	Official Gazette of RS, no 75/14
Law on Amendments to the Labour Law	Official Gazette of RS, no 75/14
Law on Amendments to the Law on Tax Proceedings and Tax Administration	Official Gazette of RS, no 68/14
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Law on the Legalisation of Buildings	Official Gazette of RS, no 95/13
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Law on Amendments to the Law on the Financing of Local Self-government Units	Official Gazette of RS, no 93/12
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Law on Amendments to the Law on Citizen Income Tax	Official Gazette of RS, no 50/11
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Law on Public Notary	Official Gazette of RS, no 31/11
Law on Amendments to the Law on Planning and Construction	Official Gazette of RS, no 24/11
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Law on Social Care	Official Gazette of RS, no 24/11
Law on Sports	Official Gazette of RS, no 24/11
Law on Ministries	Official Gazette of RS, no 16/11

Annex 4 – Glossary

Active Population

An economically active population, whether employed, or seeking employment in the labour market. Represents the available workforce.

Absolute Deprivation

Lack of opportunities or capacities for individuals, households or social groups to access certain resources, institutions or to become involved with the basic processes of their society.

Absolute Poverty

The level of income or spending of families and individuals below the defined minimum of living requirements, such as food, clothes, footwear, housing, heating, etc. The basic living requirements are comprised of specified amounts and structures of consumptions for these requirements.

Dimensions of Exclusion

Represent specific forms of exclusion, i.e. areas wherefrom individuals and groups are excluded, such as income distribution, financial markets, labour markets, goods and services markets, the systems of education, healthcare and social security, social networks, local or wider social communities, culture, etc.

Discrimination

Unequal treatment of individuals or social groups solely based on their affiliation to a certain category defined using any socio-demographic feature (race, sex, age, political orientation, religion, ethnicity, etc.)

Social Inequalities

Represent inequalities in the social standing of individuals, households and groups stemming from unequal levels of income and other economic resources, social power and social reputation.

Economic Exclusion

Represents exclusion from the labour market, whether in the form of unemployment, inactivity, or exclusion from the division of economic resources, or in the form of poverty.

Economic Inequalities

Represent inequalities of income or other economic resources between individuals, households or groups within a population.

Extreme Poverty

Poverty representing danger to basic survival. According to the World Bank methodology, it is defined as income amounts below 1.25 USD per day.

Living Standard

Living standards represent the degree of satisfaction for certain needs or living conditions, such as income, housing, clothing, nutrition, etc. whereas the way the needs are met represents the lifestyle.

Indicator

Indicator to a property of an occurrence that should precisely, uniformly and reliably show the property of the occurrence in the given aspect.

Leaken Indicators

Instrument for the standardized measurement of social inclusion at the EU level. The basic set of common Leaken indicators is open for re-examination and improvement, while data on social inclusion is collected using a SILC survey (Statistics on Income and Living Conditions) standardized for all EU members.

Material Deprivation

The inability of individuals or households to satisfy the needs and obtain the goods considered typical in their society. Material deprivation relates to the real status that an individual has attained (the possibility of securing goods and services considered necessary to lead a quality life). An individual is materially deprived if he/she cannot afford at least three out of nine listed items, severely materially deprived if he/she cannot afford at least four items and extremely materially deprived if he/she cannot afford five or more items.

Income Mean

Income located precisely at the mid-point of the distribution of all incomes in a society, where half the society earns more than the amount, while the other half less.

Open Method of Coordination

This is a voluntary process of political cooperation based on the agreed joint objectives and indicators which provide for measuring the progress in achieving the set goals. Involves a joint process of planning, monitoring, comparing and adjusting national policies towards the common goals of EU members.

Purchasing Power Parity

Purchasing power parity is the principle wherein the rate of nominal depreciation is equal to the difference between the domestic and foreign inflation; the steeper (and less likely) version of absolute PPP leads to the total equalization of prices in all countries, when expressed in a common currency.

Political Exclusion

Exclusion from the process of selecting representatives for political decision-making in a community, exclusion from political decision-making and the inability to influence in any way (directly through participation in decision-making bodies, or indirectly through elections) political decisions.

Consumption Unit

Represents the consumption of a household member, with calculated differences for the consumption levels of adults and children and the ascribed joint consumption of the household.

Prejudices

Unfounded beliefs and attitudes causing individuals or groups to be valued positively or negatively, most frequently based on stereotypes.

Vulnerable Groups of the Population

Groups excluded from individual or multiple aspects of social life, living in poverty conditions or exposed to risks of being excluded and ending up in a state of poverty.

Relative Deprivation

Reduced chances for individuals, households or social groups (as compared to others in the same society) of being included in quality service, resources, or development processes of their society.

Relative Poverty/Financial Poverty

The minimum acceptable living standards of a society. Not expressed through an absolute financial amount (unlike absolute poverty), but as a percentage of the mean income or mean consumption.

Social Exclusion

The state of individuals or groups excluded from the economic, political, cultural or social system, thereby being unable to take part to their full abilities in the social relations and flows due to their poverty or lack of basic knowledge and opportunities for lifelong learning, or as a result of discrimination. Such occurrences distance individuals or groups from employment opportunities, income and educational opportunities, as well as from inclusion and participation in social networks and community activities.

Excluded individuals and groups have insufficient or inadequate access to institutions, authorities and decision-making processes.

Social Risks

Factors increasing the chances of individuals and families to arrive at a state of poverty or be socially excluded (such as outdated qualifications, sickness, disability, unemployment, etc.)

Social Inclusion

The process enabling those at risk of poverty and social exclusion to have the opportunities and funds required for full participation in the economic, social and cultural life and achieving a living standard and wellbeing considered normal in the society they live in. Social inclusion ensures greater citizen participation in decision making, impacting their lives and ensuring fundamental rights.

Activity Rate

Ratio of active population (employed and unemployed) relative to the population of a working age.

Inactivity Rate

Ratio of inactive population relative to the population of working age.

Structural Poverty

Mostly long-term poverty caused by structural factors such as economic growth, the structure of the economy, available workplaces, adequacy and availability of education, etc.

Subjective Poverty

The feeling of deprivation people experience comparing themselves with others and comparing their income with what they consider to be the minimum for an acceptable standard of living.