



ESPN Thematic Report on Social Investment Serbia

2015

Ljiljana Stokic Pejin
January – 2015



EUROPEAN COMMISSION

Directorate-General for Employment, Social Affairs and Inclusion
Directorate D — Europe 2020: Social Policies
Unit D.3 — Social Protection and Activation Systems

Contact: Valdis ZAGORSKIS

E-mail: Valdis.ZAGORSKIS@ec.europa.eu

European Commission
B-1049 Brussels

EUROPEAN SOCIAL POLICY NETWORK (ESPN)

**ESPN Thematic Report on
Social Investment
Serbia
2015**

Ljiljana Stokic Pejin & Jurij Bajec

The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high quality and timely independent information, advice, analysis and expertise on social policy issues in the European Union and neighbouring countries.

The ESPN brings together into a single network the work that used to be carried out by the European Network of Independent Experts on Social Inclusion, the Network for the Analytical Support on the Socio-Economic Impact of Social Protection Reforms (ASISP) and the MISSOC (Mutual Information Systems on Social Protection) secretariat.

The ESPN is managed by CEPS/INSTEAD and APPLICA, with the support of OSE - European Social Observatory.

For more information on the ESPN, see:

<http://ec.europa.eu/social/main.jsp?catId=1135&langId=en>

***Europe Direct is a service to help you find answers
to your questions about the European Union.***

Freephone number (*):

00 800 6 7 8 9 10 11

(*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

LEGAL NOTICE

This document has been prepared for the European Commission however it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

More information on the European Union is available on the Internet (<http://www.europa.eu>).

© European Union, 2014

Reproduction is authorised provided the source is acknowledged.

Contents

Abbreviations	6
SUMMARY	7
1 ASSESSMENT OF OVERALL APPROACH TO SOCIAL INVESTMENT	9
2 ASSESSMENT OF SPECIFIC POLICY AREAS AND MEASUREMENT INSTRUMENTS	10
2.1 Support for early childhood development	10
2.1.1 Early childhood education and care (ECEC).....	10
2.1.2 Family benefits (cash and in-kind).....	11
2.1.3 Parenting services	12
2.2 Supporting parents' labour market activity	12
2.2.1 Child care.....	12
2.2.2 Long term care	13
2.2.3 Maternal/paternal/parental leaves schemes	13
2.3 Policy measures to address social and labour market exclusion.....	14
2.3.1 Unemployment benefits	14
2.3.2 Minimum income.....	14
Active labour market policies.....	15
REFERENCES	17
APPENDIX	18

Abbreviations

CSW	Centre for Social Work
ECEC	Early Childhood Education and Care
FSA	Financial Social Assistance
GDP	Gross Domestic Product
HBS	Household Budget Survey
HIF	Health Insurance Fund
LC	Local Communities
LFS	Labour Force Survey
MoESTD	Ministry of Education, Science and Technology Development
MoH	Ministry of Health
MoLEVSP	Ministry of Labour, Employment, Veterans and Social Policy
NES	National Employment Service
p.p.	Percentage points
RSD	R. Serbia Dinar
RSO	Republic Statistics Office

Summary

- Serbia is currently under great pressure to implement strict fiscal consolidation measures and to reduce budget deficit and public debt (72% of GDP-Jan. 2015) It is therefore unlikely that social care expenditure will be increased in the near future. At the same time, the need for Social investment (SI) measures is greater, as the negative labour market trends and decreased standards of living necessitate increased support for the alleviation of the impacts of the crisis.
- SI has not been an official main stream policy; however, several sectors have been moving in that direction. A number of programmes are still dominantly donor funded, which has a positive effect on the introduction of innovative measures, but the question of sustainability of these programmes is evident in a time of strict fiscal consolidation. For this reason it is crucial that officials view SI expenditures as a long-term investment.
- The country legislative has been advanced in the last few years by the adoption of modernized laws in the areas of labour, social protection, pension and education. From that standpoint Serbia has prepared the ground for introducing SI policy to address key social and demographic challenges.
- Early childhood education and care (ECEC) policies have been strengthened by the adoption of several important bills and documents; the more challenging part is implementation, which might be hindered by proposed downsizing of public employees.
- Targeting of family benefits is not adequate and eligibility conditions for some benefits are very strict (subventions for communal bills). The Ministry of employment, labour, veterans and social policy (MoELVSP) has announced amendments to the Law on Social protection in order to improve efficiency and coverage.
- Availability of child care services is uneven across the country, while the existing network of kindergartens cannot fulfill demand. Flexible work contracts are a novelty and rarely offered, which makes it difficult for parents to reconcile work and family life.
- Parental leave schemes are adequate and rather generous compared with other countries in the region.
- The least addressed topics are ageing and Long Term Care (LTC), even though the demographic projections warn of the high share of elderly population by 2041. LTC is provided mostly by family members, while services provided by the state and local governments cover less than 10% of the elderly. Challenges are immense, from resolving the issues of funding to the promotion of healthy ageing programmes and increasing the availability of day care services which would allow old persons to remain within their homes.
- Financing of Active Labour Market Programs (ALMPs) has been decreasing in recent years; support to the National Employment Service for improving efficiency and monitoring is still ongoing. Due to the high share of long-term unemployed it is difficult to prioritize any specific group; therefore available resources have to be spent in the most efficient manner.
- Minimum income schemes have low adequacy for families with children and single parents. The efficiency of Financial Social Assistance (FSA) is lowest for these categories.
- Administrative distinctions between Centres for social work (republic jurisdiction) and local administration have a negative effect on the integration of social services. Such relations diminish the opportunities for the improved efficiency of integrated services which address the individual needs of beneficiaries. Segmentation and lack of coordination result in over administration and waste of resources.

- Several key challenges are common for all quoted topics: (1) Inadequate data collection and use of records; (2) Lack of monitoring and evaluation of implementing programmes; (3) Spatial inequality in the availability and quality of the services; (4) Lack of communication between central and local authorities; (5) Complicated administrative procedures, and (6) Inadequate communication with the beneficiaries. Improvements in the governance of social services, by fostering integration and coordination, should be a priority in responding to these challenges.

1 Assessment of overall approach to social investment

The Serbian economy is still recovering from the impact of the crisis; GDP in 2014 had a negative growth of -2%, public debt has been increasing rapidly since 2010, its share of GDP rose from 41.8% (Dec. 2010) to 71.3% (Jan. 2015)¹, while the budget deficit was 6.6% of GDP (Dec. 2014). In October 2014 the government adopted strict fiscal consolidation measures which included a 10% cut of public employee salaries and a temporary progressive reduction of pensions (above the minimal ones). The Fiscal strategy of 2015 with projections for 2016 and 2017² has no plans for the expansion of social care budgets. Major budget cuts in the social care sector were for health care: in 2013 compulsory contribution rates were decreased by 2 p.p.³. Budget constraints also affected ALMPs; outlays were decreased from 0.12% of GDP (2010) to 0.03% of GDP in 2013.

With the backdrop of a possible country bankruptcy, the government adopted some long awaited bills. The Labour law and the Pension law adopted in 2014 now facilitate more flexible labour contracts and it is expected that the new normative will have a positive effect on employment. Two important documents were adopted in September-October 2014 which provide a sound analysis of the social needs and give recommendation for future improvements: (1) "The Second national report on social inclusion and poverty reduction 2011-201", and (2) "Third draft of the Employment and Social Reform Program (ESRP)".

A better inclusion of some of the vulnerable groups and more transparent cash benefits were achieved within The Social protection law adopted in 2011. The Ministry of employment, labour, veterans and social policy (MoELVSP) announced amendments⁴ of this Law which will enable improved equality of the services at the local level, better cooperation with the civil sector and improvements for the most vulnerable groups. A Regulation on 'Measures of Social Inclusion for Beneficiaries of NSP⁵' (September 2014) links minimum income payments with work activation. The responsibilities of the Centres of Social Work (CSW) and the obligations of the beneficiaries will be outlined in the Personal protocols according to the needs and potentials of the beneficiaries.

In the area of early childhood education and care (ECEC) the adopted Education strategy 2020 addresses the main challenges for better pre-school coverage and improved quality of the programmes. The strategy's Action Plan adopted in January 2015 has very ambitious goals and targets for the next two years regarding the quality and increased availability of pre-school education. The law on pre-school education (2011) and related by-laws now allow for the more diversified pre-school programs. The latest regulation⁶, applicable from December 2014, for the first time introduces the post of social worker (SW) within the pre-school settings. The defined role and jurisdiction of the SWs allow for early interventions related to ECEC and family issues.

The adopted National Employment Action Plan 2015 (NEAP) is the main instrument for implementation of ALMPs outlined in the "Strategy for employment 2011-2020"⁷. The new ALMP instrument targets unemployed FSA beneficiaries providing subventions for their employment in the private sector.

¹ Ministry of Finance, 2015, Table, Public debt, updated 31.1.2015

² RS Official Gazette 15/2015

³ It is expected that revenues of the Health insurance Fund will decrease more in coming year due to the adopted reduction of pensions and wages in public sector.

⁴ MoLESPV <http://www.minrzs.gov.rs/lat/aktuelno/item/1878-pomoci-onima-kojima-je-neophodno-i-ujednaciti-usluge>, assessed on 28.2.2015

⁵ NSP-*Novcana socijalna pomoc*, Financial Social Assistance

⁶ Regulation on conditions and method for implementation of social protection of children in pre-school institutions; RS Official Gazette 131/2014

⁷ RS Official Gazette, 37/11

It is apparent that the new legislative acts and proposed strategies address the main challenges in social care and initiate new approaches in resolving the major issues in the labour market, education and social protection areas. This environment allows for adoption of a comprehensive Social investment policy. The next step is the application and efficient execution of the adopted normative. Announced downsizing of the public administration by 5% is also an opportunity for better organization of public services and rationalisation of administrative procedures which have been barriers for increased up-take of social care services.

2 Assessment of specific policy areas and measurement instruments

2.1 Support for early childhood development

2.1.1 Early childhood education and care (ECEC)

SILC 2012 data show that child vulnerability in Serbia is high. The at risk-of-poverty rate for children (0-17) of 30.0% is 5.4 percentage points (from now on p.p.) higher than the national average of 24.6%. Other indicators confirm this: the overall AROP indicator of 29.7% is 9.4 p.p. higher than the EU average, while the AROPE indicator of 43.4% is 15.8 p.p. higher (see Bouget et al., Annex 3, Tables A5, A6). 27.4% of children live in severe material deprivation, more than twice the EU average (see Bouget et al., Annex 3, Table A7) and 67.1% of children (younger than 18) live in overcrowded households, almost three times more than the EU average (see Bouget et al., Annex 3, Table A10).

Main services for children are provided by the health care and education sectors. The health status of babies and infants is monitored and cared for by a rather well developed network of paediatric services. Health care services are not connected with any other social care institutions, although they are in a position to be the first to recognize potential problems in early child development. Capacity for the early identification and care of children with disabilities is uneven across the country: counselling teams for child growth and development operate in only 26 Local municipalities⁸. UNICEF Multiple Indicators Cluster Survey MICS4 (2012) shows that children from poor families and from Roma settlements are more vulnerable regarding nutritional requirements; stunting prevalence (moderate and severe) among children from poor families was 14% (6% is the national average).

Pre-school preparatory (PPP) education has been compulsory for 5.5-7 year old children since 2007, free of charge and implemented in kindergarten settings. Traditionally, the primary role of kindergarten has been the caretaking of children whose parents are employed; only 7% of all enrolled children attend short education programmes (3-4 hours) which aim to enhance child development (MICS4 data). The Education Strategy 2020 document pointed to the weaknesses of pre-school education, in addition to the low coverage, quoting the uneven quality of education programmes and disparities in the competences of the professional staff. The Ministry of education, science and technological development has participated in two projects which aimed to improve these weaknesses: the better coverage of vulnerable children and the introduction of more diversified programmes for the youngest children. Programmes IMPRES⁹ and "Kindergartens without borders"¹⁰ raised the capacity of 25 local communities by introducing new 4 hour programmes, training and educating staff and producing a manual on the diversification of programmes for pre-school education.

⁸ Government, 2014, The second national report on social inclusion

⁹ Funded by the EU, with €3.75 million, implemented 2011-2012

¹⁰ Implemented by UNICEF in 2012-14 and continued in 2015

Since its introduction the coverage of PPP has been steadily increasing, reaching around 90% in 2012¹¹. The Law on pre-school education was adopted in 2010¹² and several important by-laws have been introduced since. The latest one, "Regulations on defined conditions for securing the social protection of children in pre-school institutions"¹³, applicable from 11th December 2014, introduces the position of social worker (SW) within kindergarten settings¹⁴. The primary role of the SW will be to secure the wellbeing of the children-in-need by involving the parents and coordinating with other relevant institutions. This is the first time that SWs will work actively within the institution, with concrete advisory and communication tasks. The other important document, adopted on January 31st, 2015, is the Action Plan for the Implementation of Education Strategy 2020, which also addresses pre-school education. The most important plans for 2015-16 are: finalisation of accreditation and standardisation of kindergartens, creation of a local system of social care for children and preschool education, and the introduction of half-day preschool education programmes for all children aged 4-5.5 years for a period of at least nine months. If implemented, these changes will bring improvements to the quality of pre-school services and will introduce more integrated care for child wellbeing.

2.1.2 Family benefits (cash and in-kind)

Families with children are financially supported by child benefits, parental payments for new-borns¹⁵ and subventions for kindergarten (Appendix, Table 1). The first two benefits are funded from the central budget, the last one from local budgets. In 2013 the share of GDP of these transfers was 0.33% for child benefits and 0.17% for parental payments. The real value of child benefits is low, in the last five years it was in the range of €20-25 per month. In 2013 child benefit of €22.7 for children up to 14 years, amounted to half the sum necessary for getting out from the at-risk-of-poverty status, while for older children this benefit amounted to one third of the required sum¹⁶. Parental payment is rather high, as well as the eligibility threshold: in 2013 around 60 000 families received this benefit.

Around 30% of all children receive child benefits; this proportion has been constant over the last several years, as well as the share at GDP (Appendix, Table, 2). Benefits are the same for all children irrespective of their age or family income. Evidence shows that targeting could be improved: according to data from the Household Consumption Survey (2012), around 40% of children from households at the lowest consumption quintile received this benefit, while 15% went to children from families in the highest consumption quintile. Some of the eligibility criteria are unfavourable for certain vulnerable population groups. One of the eligibility conditions for child benefit is that the child has to be enrolled in regular education; this criterion affects mostly the poor and Roma families, as they face objective problems in enrolling their children in primary education¹⁷.

In 2013 the Government set new criteria for subsidies on electricity (gas) and heating bills for materially deprived households. Criteria for the upper limit of energy consumption are very restrictive; consequently only 12.4% of households qualified as energy protected customers, while only 8% were eligible for deductions for electricity (gas) bills.

Families receive subsidies for kindergarten fees, as according to the legislature they should pay only 20% of the real 'economic' price calculated by the Local community¹⁸.

¹¹ Government, The Second national report on social inclusion, 2014

¹² RS Official Gazette, 13/10

¹³ R. Official Gazette 131/2014

¹⁴ The working hours and number of employed depends on the size of institution

¹⁵ This is regarded as a demographic measure for boosting natural population increase.

¹⁶ Government, The Second National report on Social Inclusion

¹⁷ Difficulties are very often caused by the lack of valid ID documents or resident status.

¹⁸ Every LC has its own price system; consequently costs for kindergarten are different in each LC.

Families which are beneficiaries of FSA are entitled to a further deduction of payments. In the 2012/13 school year 21% of children attended kindergarten free of charge, while in 2010/11 this percent was a little higher at 22%¹⁹. Free school books have been provided for all students of the lower grades of the primary school (from 1st-4th grade), since the 2011/12 school year, while in 2013/14 this practice covered only first grade students. Provision of school meals was on the agenda of the Ministry of Education in 2011, but this subject is on hold now, due to the fiscal consolidation measures.

2.1.3 Parenting services

The average age at first marriage has been increasing steadily for both genders, and it was 30 for women and 33 for men in 2013.

There are no organized parenting services for the general population; Centres for Social Work (CSW) are responsible for the protection of child wellbeing and they react in cases when children are endangered within the family setting. In 2012 CSWs have covered 4,900 children under the "preventive or corrective services of parental rights"²⁰. Other types of parenting services are provided, predominantly by NGOs, for the parents of disabled children, along with advisory lectures on specific topics for the general parents' population on drug abuse, violence, etc.²¹. A new Regulation on the introduction of Social workers in pre-school settings plans for parent's support and assistance in connecting with other services (see part on ECEC).

2.2 Supporting parents' labour market activity

2.2.1 Child care

Traditionally grandparents have been the primary caretakers of offspring and this practice is still present. In the long run this practice might not be feasible as young people are starting their families at an older age. Other means are provided by the state or private kindergartens. The number of kindergartens has been on the increase, by 11.7% from 2008 to 2013. However they still cannot satisfy the current demand and waiting lists are long in many municipalities. Unemployed mothers/parents are negatively discriminated against, since employed parents are given priority when assigning kindergarten places.

Kindergarten services are organized for two age groups: from 1-3 and 3-6 years old. Provision of kindergarten is under the authority of local communities which are responsible for their establishment and funding. The least developed are services for the youngest children (0.5-3 yrs.); the latest data²² show that out of 25 districts (NUTS3 level) 70% have no services for the youngest. The same data show the large spatial disparities regarding the actual needs, namely 43% of all services are located in the City of Belgrade, while participation in these services from the South and East Serbia Region is only 0.5% (Appendix, Figure 2). There are also regional differences in the coverage of 3-6 year old children; in North Serbia more than half of the children are covered, but only one third in South Serbia²³. Disparities are also pronounced between urban and rural children, with a coverage of 57% and 29%, respectively. The MICS4 survey shows advantages for children of well-off families, as only 22% of children from the poorest families attend kindergarten, while the attendance of children from the richest families was 78% (Appendix, Figure 1).

¹⁹ RSO, (2013) Yearbook Local Communities in Serbia, 2012,

²⁰ R. Institute for Social protection, 2013, Report on CSWs activities in 2012

²¹ RSO, (2014) Statistical yearbook 2014

²² Rep. Bureau for advancement of education and training, <http://www.zuov.gov.rs/predskolske-ustanove/>

²³ RSO and UNICEF, (2014). Serbia Multiple Indicator Cluster Survey and 2014 Serbia Roma Settlements Multiple Indicator Cluster Survey, Key Findings. Belgrade

The new Labour Law (2013) promotes flexible working time, but this practice is still very rare. In 2013 86.2% of all employees worked full time²⁴. Part-time employment is rarely offered, so the opportunities for working parents to better organize their work and family life are minimal.

2.2.2 Long term care

Serbia does not have a comprehensive long-term care (LTC) policy and established institutional scheme. Traditionally care of the elderly is provided by family members, though this is not a large obstacle to employment; in 2013 only 10.7% of non-active women stated care of elderly relatives (along with taking care of children) as their reason for not working.

Social care for the elderly is provided by the state in the form of financial benefits and accommodation in state homes for the elderly, while local communities provide day care services which were free of charge in the majority of LCs (64%)²⁵. Presently, cash benefits and social services are not linked in a systemic manner, although daily services usually target the most vulnerable elderly. There are no organized preventive healthy-ageing programs which would in the long-term decrease the needs for the assistance.

Research shows that in 2011 0.7% of all the elderly were accommodated in residential state institutions. 5% received attendance allowance, and 1% received some type of support through home care community based services²⁶. The government expenditures for these outlays are roughly estimated at 0.55% of GDP, mainly distributed for the cash benefits (0.37%)²⁷.

Estimates for 2011 show that in 85% of all of the local communities daily care assistance was provided for a small proportion of the elderly (1.5% of all 65+)²⁸. Internal NES 2009 data show that 60 local communities which participated in the public works programmes²⁹ have used the funds for organizing home assistance services for the elderly³⁰. This practice points to the potential for integrating ALMPs with social care services. However, the question of sustainability remains open if LCs were to depend only on the NES funds. In the last two years these services were decreased due to budget constraints and the downsizing of public employees.

Actual demographic projections show that share of older population (65+) will increase from 17.4% (2011) to 25.2% (2041)³¹, According to Census 2011 around 7.4% of the elderly (65+) need assistance for performing basic daily activities³². These figures point to the need for including LTC policy into the social care agenda.

2.2.3 Maternal/paternal/parental leaves schemes

Maternal/paternal leave can be taken by one of the parents as follows:

- Paid maternity leave lasts 365 days³³ (or two years for the third child and subsequent ones);

²⁴ RSO, LFS, 3rdQ 2013

²⁵ Every LC has its own regulations for the eligibility for services

²⁶ Matkovic, G. 'Stanovnistvo' 2012 Volume 50, Issue 1, Pages: 1-18, Belgrade

²⁷ Ibid

²⁸ Matkovic, G. Stanic, K. 2014, Social protection for elderly, FEFA, Belgrade

²⁹ Public works programmes were introduced in 2006, targeting the long-term unemployed, mostly in underdeveloped regions

³⁰ Ibid

³¹ RSO Population projections 2011-2041

³² Matkovic, G. Stanic, K. 2014, Social protection for the elderly, FEFA, Belgrade

³³ Mandatory 28 days prior to delivery

- Maternity leave payment amounts to the average wage received during the last 12 months of employment; payments for maternity leave are funded from the Health Insurance Fund.
- An employer cannot fire a pregnant employee.
- The other parent is entitled to 2 weeks of the paid leave.

The Labour Law from 2013 introduced a normative to protect pregnant women, new mothers and carers of sick children from losing their job, if employed under a fixed contract³⁴. Evidence shows that there is discrimination against future mothers in the form of their employment contract. New mothers who are employed under permanent contracts are entitled to keep their job after they return from maternity-leave; while those on other contracts are very often fired once their maternity leave starts. This practice is difficult to prove and most probably influences the postponement of motherhood (in 2011 the average age of a woman at birth of first child was 28³⁵).

2.3 Policy measures to address social and labour market exclusion

2.3.1 Unemployment benefits

Unemployment benefit is funded from the 1.5% compulsory unemployment contribution on incomes. The duration of payment depends on the length of the previous employment, with the maximum duration being 12 months (for 25 or more years of employment). The payment expires for a large portion of the unemployed due to the high prevalence of long-term unemployment. For this reason only a small proportion - 7.7% - of the unemployed receive the benefits³⁶. Overall it can be concluded that the number of beneficiaries does not follow the unemployment trends, most probably due to the imposed eligibility conditions. The at-risk-of-poverty rate for the unemployed is high at 48.4%, almost double the national average (24.6%) and close to the EU average (see Bouget et al., Annex 3, Table C15c).

Benefit amounts to 50% of the average wage (wages received in the last six months) it cannot exceed 160% of the minimum wage; or fall below 80% of the minimum wage. In 2010 expenditure for unemployment benefits constituted 78% of NES expenditure³⁷, while in 2012 their participation in the central budget was 0.8% (Appendix, Table 2).

2.3.2 Minimum income

The main financial support for all families with low incomes is Financial Social Assistance (FSA) which is regulated by the Social protection Law (2011)³⁸, and is provided from the central budget (Appendix, Box 1). From 2010 to 2014 the number of FSA's beneficiaries has been increased by more than half (67%), while the budget outlays for this benefit have doubled; their share in GDP also increased, from 0.18% to 0.34% (an increase of 0.16 p.p.; Appendix, Table 3). In general, about half of the households which receive this benefit are families with children.

Single parent households (17.3% of all family households)³⁹ are among the most vulnerable families, as their at-risk-of-poverty rate of 36.2% is 11.6 p.p. higher than the national average. The household budget survey shows that they are also among the most vulnerable regarding financial needs: in 2012 48.25% of these households had arrears for communal bills (36.9% rep. average), while 21.7% of them could not afford adequate heating⁴⁰. Although FSA benefits are increased for these families, it is

³⁴ Employer cannot fire a worker during the period while one of the conditions is effective

³⁵ RSO, Census 2011

³⁶ National Employment Service, Monthly bulletin 8/2014

³⁷ NES Annual report, 2010, 2012

³⁸ Official gazette 24/2011

³⁹ RSO, Census 2011

⁴⁰ Government, Second national report on social inclusion, 2014

apparent that they are not adequate. The current FSA scheme seems to alleviate only a fraction of the burden for families with children; families with three or more children have the highest at-risk-of-poverty rate of 44.4%, 19.8 p.p. more than the national average. Preliminary research⁴¹ shows that FSA benefits for two parent families with the children should be increased by 33-34% in order to reach the poverty threshold. Effectiveness of FSA on reducing the risk of poverty is the lowest for young people (18-24 yrs.) -16.5%, and for children (0-17 yrs.) at -17.8%. FSA benefits are also the least effective for households with children, -18.3%, which is lower than the national average of -21.7%.

Evidently a more integrated poverty reduction and social inclusion approach is necessary since for some families inherited poverty has become a reality. A survey shows that among the group of young FSA beneficiaries in the 15-29 age group, 58% came from families who were FSA beneficiaries (Petrovic, 2011).

2.3.3 Active labour market policies

Negative labour market trends have been a problem for a decade in Serbia: the latest data show an unemployment rate of 21.2% and a high inactivity rate of 37.5%⁴². The share of long-term unemployment is high in Serbia at 76.9%, which is 29.5 p.p. higher than the EU-28 average (see Bouget et al., Annex 3, Table C8). Informal employment is high, at the end of 2014 it reached 24.2%, meaning that a quarter of employed persons do not have proper social care benefits. Of special concern is the inactivity of young persons, which was registered at 71.5%, and the high youth unemployment rate of 52.8% (2nd quarter 2014). As a response to these trends the government adopted a National Employment Strategy 2011-20⁴³ in 2011 and the successive annual National employment action plans (NEAP). The latest 2015 NEAP⁴⁴ introduces a new ALMP measure entitled "Integration of FSE beneficiaries in labour market" targeting unemployed beneficiaries of FSA; the measure provides a 12 month subsidy (€90) to the employer (private sector) if the employer keeps the employee for another year⁴⁵.

The expenditure for ALMPs has been decreased substantially since 2009, due to the fiscal consolidation measures, although the National Strategy proposed an increase of the resources for ALMP to 0.4% of GDP in 2013 and to 0.5% GDP in 2020. In 2013 only 0.03% of the GDP was allocated to these programmes (Appendix, Table 4). Encouragement of the local communities to be more active in employment policies is achieved by conditioning their participation in NAEP with the establishment of local employment councils, adoption of local employment Action Plans (LEAP) and by co-financing of the programmes. In 2010 only 10 LEAPs were approved for funding while in 2012 this figure increased to 122 LEAPs.

The capacities of NES have been upgraded constantly in order to improve the effectiveness and governance of the programmes. The latest project "Support to evidence based employment - Planning for 2014 and beyond"⁴⁶ reveals the important challenges for NES performance. One observation is that less than half of the active labour market measures have been evaluated, while the other points to differences in the structure of ALMPs compared across EU countries. Namely, Serbia devoted around 30% of ALMPS expenditure to direct job creation (compared with less than 9% across the EU), conversely, the EU spends over 30% of its budget on training compared with less than 4% in Serbia. Authors propose further improvements in NES governance:

⁴¹ Ibid

⁴² RSO, LFS, 2nd Quarter 2014

⁴³ RS Official Gazette 37/11

⁴⁴ RS Official Gazette 101/14

⁴⁵ It is also foreseen that employees receive additional 18 months of stimulation (€15), but only if the resources are available.

⁴⁶ EU funded ref. 11ser01/12/21, Leigh Huckel, 2013

(1) Giving greater autonomy to the branch offices, (2) Greater coherence between the education system and the labour market, (3) A sharper prioritizing of client groups⁴⁷.

Apparently ALMPs support to labour market entrance is constricted by the current fiscal consolidation measures. Under such circumstances the improvements have to be found in better efficiency and effectiveness of ALMPs, which might be expected since its capacities have been raised substantially in the last years.

Social services

The types of social services not discussed above, relate to services provided by CSWs and services provided by local governments. CSWs are responsible for the protection of child wellbeing and child rights. The number of children beneficiaries of CSWs' services has been on the rise in recent few years. In 2012 there were 63,000 newly admitted children within CWSs schemes, while 35,000 left the CSWs (Appendix, Figure 3). In 2012 out of all children beneficiaries of social services, the majority were beneficiaries of FSA, 57.9%, while the others were covered by the other forms of services which treat children's behavioural problems or parental problems (Appendix, Table 5).

Local communities (LCs) are responsible for the provision of day care services for different vulnerable groups. The most developed service is 'home assistance for the elderly' which was provided by 83% of LCs, although the coverage is not high, only 1.2% (Government, Second national report on social inclusion). The other dominant group of services are for children with disabilities: 49% of LCs have day care centres and 25.5% have home assistance services. However, the coverage with these services is also low, below 10%, as budget restrictions in recent years have imposed cuts on public spending. Presently it seems irrational to decrease the volume of these services, as there is a real demand for them, and at the same time LC's have spent their resources in developing the services and raising capacity.

⁴⁷ Authors consider that "in practice the current policy of prioritization is self-defeating, since nearly everyone is priority" pg. 9.

References

Bouget, D., Frazer, H., Marlier, E., Sabato, S. and Vanhercke, B. (2015), Social Investment in Europe: A study of national policies, Annex 3 – Selection of indicators, European Social Policy Network (ESPN). Brussels: European Commission.

Government:

October 2014 Third draft ESPR

November 2014, Second Report on Social Inclusion in Serbia

Leigh Huckel, 2013, "Support to evidence based employment - Planning for 2014 and beyond"

Matkovic, G. 'Stanovnistvo' 2012 Volume 50, Issue 1, Pages: 1-18, Belgrade

Matkovic, G. Stanic, K. 2014, Social protection for elderly, FEFA, Belgrade

Ministry of Employment, Labour, Veterans and Social Policy, 2013, data on social assistance, <http://www.minrzs.gov.rs/sektor-za-brigu-o-porodici-opstine.php>

NES, Bulletin, October, 2014

NES (2012), Annual report, 2010,

Petrovic, M., 2011, 'Social assistance and activation in Serbia: In search for the inclusive solution', Center for Liberal and Democratic Studies, Belgrade, Serbia

RSO, 2013; SILC, Announcement, No. 386

RSO, 2014, LFS, III Quarter, October

RSO (2013) Yearbook Local Communities in Serbia, 2012

RSO (2014) Statistical yearbook 2014

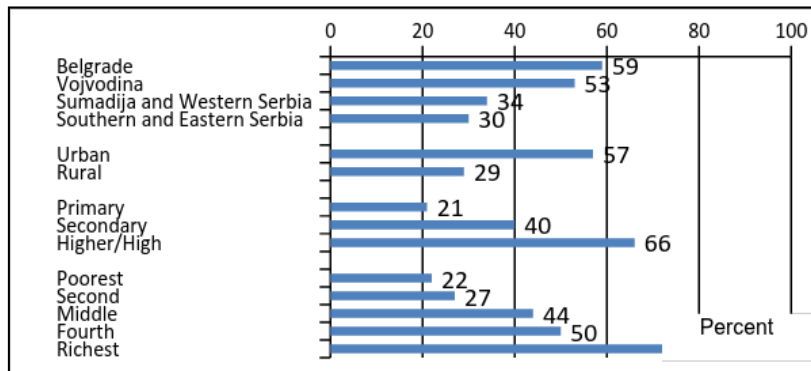
RSO, 2013; Census, Population

R. Institute for Social protection, 2013, Report on CSWs activities in 2012

RSO and UNICEF, (2014), Multiple Indicator Cluster Survey Serbia and Roma Settlements Multiple Indicator Cluster Survey, Key Findings. Belgrade

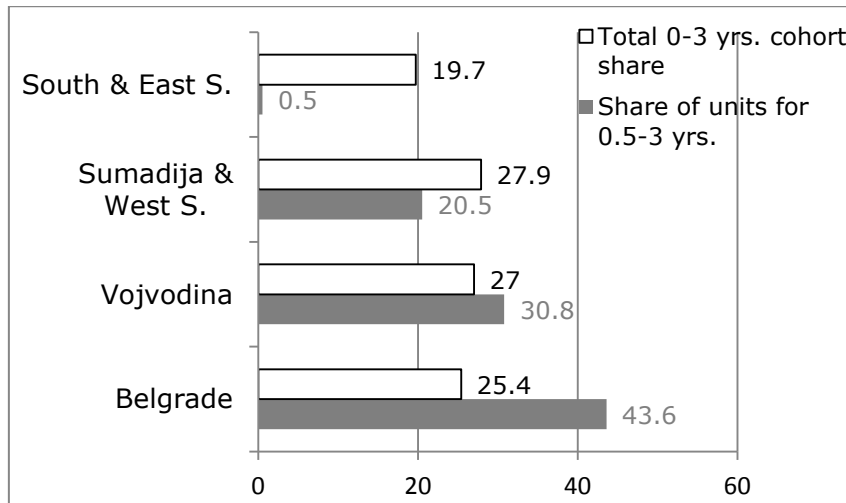
Appendix

Figure 1 Pre-school education coverage (%), 36-59 months, 2010



Source: RSO, UNICEF, 2013, MICS4

Figure 2 Regional distribution of pre-school units (0.5-3 year) by regional structure, 2010/2011 (% share)



Data source: Census data and Institute for education

Table 1 Types of instruments for the financial support of families with children

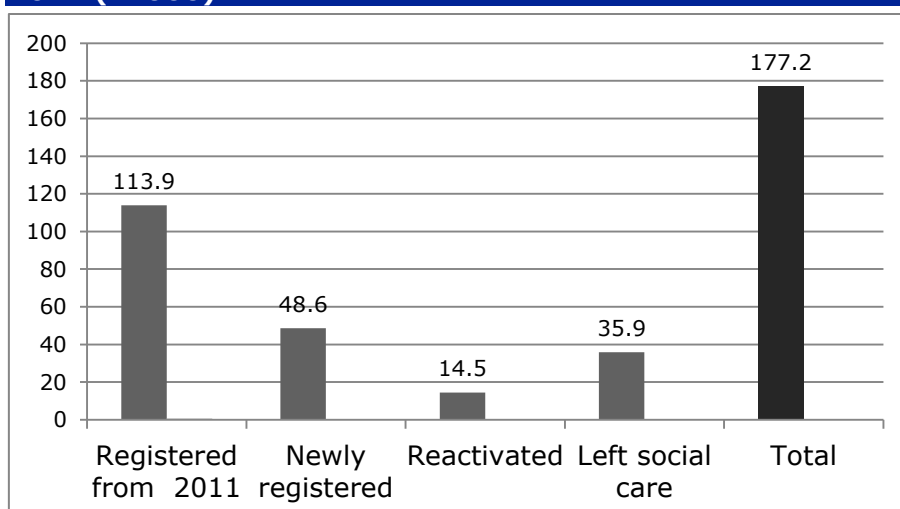
Financial benefit	Eligibility		Budget source/benefit payment (2014)
Objective	Eligible beneficiaries	Financial conditions (2014)	
Child benefit	For the first 4 children only (except in the case of twins, triplets, etc., at the last birth) Duration: For children in education till 19 yrs./or till 26 yrs. for special care	Improving the childrens' living conditions Means tested: census – income below €68 per family member (30% increase for children with disabilities and single parents)	Republic/ July – 2 593 RSD (€18.6); 20% increase for children with special needs
Objective		Incentives for boosting population growth	
Parental payment	For the first 4 children only (except in the case of twins, triplets, etc., at the last birth)	Means tested: not eligible if parents pay income tax of more than 12,000 RSD (around €100); payments for second and other children are paid in 24 instalments.	Republic/ 1 st child – €300 2 nd – €260 3 rd – €270
Objective	Support to socially vulnerable families: (1) Families with inadequate income (2) families with children with special needs and (3) children living without parental care		
Subventions for kindergarten	Children with special needs	Fully reimbursed	Republic
	Children living without parental care	Fully reimbursed	Republic
	Families with inadequate income	Partially reimbursed	Local Community
Objective		Minimum Income support*	
Financial Social Assistance (Novcana Socijalna Pomoc)	Families with inadequate income	Means tested; increased benefit of 20% for single parents and households where all members are incapable of working	

Source: Law on Financial Support to Families with Children; *Social protection Law MoELVSP

Table 2 Social financial assistance outlays in 2013

Social assistance	No. of beneficiaries		RSD	PPS-AIC	% of GDP
	Persons	Households			
Financial Social Assistance (FSA)	258807	101656	7490	144	0.34
Child benefit	387847	206099			0.33
Basic			2522	48	
Increased			3280	63	
Allowances for support and care	51670				0.25
Basic			9429	181	
Increased			25430	488	
Parental benefits	60030	61466	35800	687	0.17
Maternity leave	36686				0.65
Institutional care	20000				0.15
Centres for social work					0.07

Source: MoLESP

Figure 3 Number of children beneficiaries* of social protection services in 2012 (in 000)


*(0-18 years) Source: R. Institute for Social Protection, 2013, Report on CSWs' activities in 2012

Box 1 Financial Social Assistance

The main financial benefit which protects households from impoverishment is Financial Social Assistance (*Novcana Socijalna Pomoc* – NSP). The benefit is distributed from the central budget at the local level by the Centres of social work, whose workers have a discretion right to refuse or approve applications. NSP threshold is indexed by the consumer price index semi-annually (April and October); for the calculation of household's transfers OECD scale is employed; for a single household 1, for additional adult 0.5 and for a child (less than 18 years old) 0.3. Benefit is increased for a single parent household and for the households where all family members are incapable of work; households which have family members capable for work receive the benefit for nine months only.

Table 3 Number of beneficiaries of Financial Social Assistance (NSP)

	Households	Persons	RSD (millions)	% 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
2014 – Sept.	106,019	267,289	-	-

Source: MoLESP

Table 4 Expenditure for ALMP, 2009-2013

	2009	2010	2011	2012	2013
Money value, Indices 2009=100	100	105	158	97	33
% share GDP	0.11%	0.12%	0.17%	0.10%	0.03%

Source: NES, Bulletin, October, 2014

Table 5 Structure of children beneficiaries of CSWs services, by type of services

Type of service	2011		2012	
	Number	Share	Number	Share
Neglected children	7.868	5.63%	8.829	4.98%
Victims of violence	2.549	1.82%	3.058	1.73%
With behavioural problems	14.135	10.11%	15.241	8.60%
Parents disputing custody	24.242	17.34%	25.133	14.19%
Families recipients of FSA	90.984	65.09%	102.662	57.95%
Other	0	0	22.248	12.56%
Total	139.778	100%	177.171	100%

Source: R. Institute for Social Protection, 2013, Report on CSWs' activities in 2012

