



EUROPEAN SOCIAL POLICY NETWORK (ESPN)

Social protection and inclusion policy responses to the COVID-19 crisis

Serbia

Ljiljana Pejcin Stokić, Jurij Bajec



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Directorate-General for Employment, Social Affairs and Inclusion
Directorate D — Social Rights and Inclusion
Unit D.2 — Social Protection

Contact: Giulia Pagliani

E-mail: Giulia.PAGLIANI@ec.europa.eu

European Commission
B-1049 Brussels

European Social Policy Network (ESPN)

**ESPN Thematic Report:
Social protection and inclusion
policy responses to the COVID-
19 crisis**

Serbia

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*Ljiljana Pejin Stokić, Economics Institute, Belgrade
Jurij Bajec, Faculty of Economics, University of Belgrade*

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SUMMARY

Between Monday 3 February 2020 and Sunday 18 April 2021, the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Serbia, it was 9,988. The total number of deaths per 100,000 people was 151 for the EU-27, versus 92 in Serbia.

Following the outbreak of the COVID-19 pandemic, Serbia declared a state of emergency on 15 March 2020, which was cleared on 7 May 2020. In April 2020, the government adopted a fiscal stimulus package to mitigate the negative impact of the pandemic. A second package, with similar measures, was adopted at the end of July 2020 after a further surge of new cases. Additional measures were adopted for agricultural producers in April 2020, and for business entities in the tourism sector in September and in December 2020. A third package was adopted in March 2021, and a rebalanced budget law for 2021 was adopted in April 2021. The focus of mitigation policies was on private business entities, less so on social protection and social inclusion measures. The financial packages adopted included direct grants for the reimbursement of minimum wages and for preserving liquidity; the common eligibility condition was that no more than 10% of employees should be laid off over defined periods. Take-up of these measures in 2020 was substantial; estimates show around 63% coverage of potentially eligible business entities. A lower take-up in 2020 was recorded among large companies, most probably due to a specific condition for this group, which restricted the payment of dividends before the end of 2020. The additional assistance was in the form of favourable credit lines from the Serbian Development Agency, and the provision of state guarantees for credit lines from commercial banks.

Three measures involved direct cash payments to citizens: in 2020 and 2021, direct grants to all adult citizens, and grants to all beneficiaries of the Pension and Invalidity Insurance Fund (PIO Fund); and in 2021, direct grants to all registered unemployed people. The government imposed a three-month ban on price increases for essential consumer goods and protective equipment in 2020, in order to prevent unjustified price rises during the state of emergency.

There were no specific measures targeting vulnerable population groups: children, unemployed people, beneficiaries of financial social assistance (FSA), informally employed people and lower-income households. Consequently, the main gaps in the social protection system and social inclusion policies relate to the protection of these groups. The available data from research and surveys show a substantial income fall among families with children and informally employed people. As movement restrictions were imposed during the state of emergency the accessibility of day-care services was reduced, which affected the older population and people with disabilities.

The planned funds for all measures were 947.4 billion RSD (€8.1 billion), around 17.5% of 2019 GDP; and by 30 September 2020 80% of the planned resources for that year had been utilised. The largest proportion of resources (22.5%) was earmarked for measures providing a guaranteed minimum wage for employees, while the share of direct cash payments for citizens and beneficiaries of the PIO Fund was 15.3%.

In the debates about the measures introduced, there was general support for the eligibility criteria for the first financial package, as all private business entities were eligible independently of their business situation during the pandemic. The main disagreement related to the lack of social protection measures for vulnerable groups. The Fiscal Council criticised the decision to grant €100 to all adult citizens independently of their income status, commenting that the resources spent could have been used for assistance to unemployed people and the beneficiaries of social protection benefits.

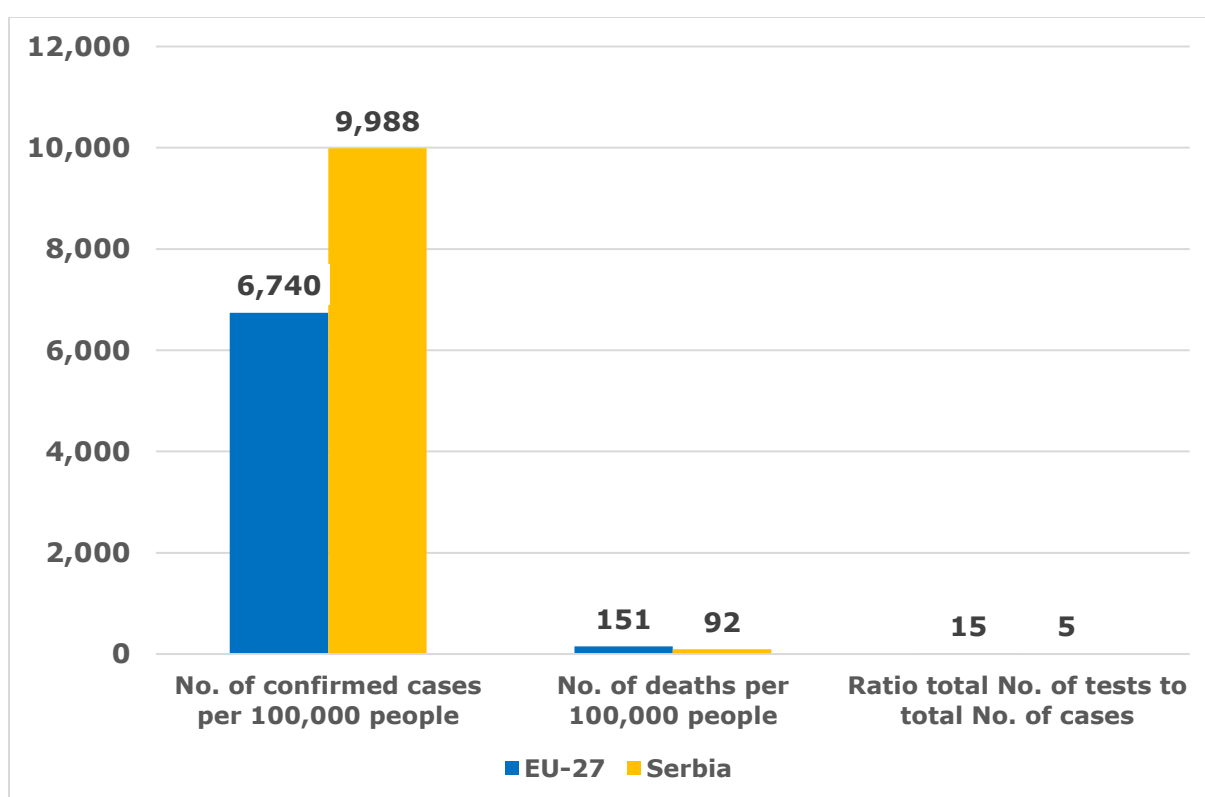
Recommendations for future mitigation measures underline the need for a selective targeting of the most vulnerable population groups and business entities. The financial outlays for future assistance have to be designed in more effective ways, as public debt has been on the rise and might grow to over 60% of GDP in 2021.

1 TRENDS OF THE PANDEMIC AND SOCIAL AND ECONOMIC IMPACT¹

1.1 Epidemiological situation

During the 63 weeks considered for these three indicators (from Monday 3 February 2020 to Sunday 18 April 2021), the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Serbia, it was 9,988. The total number of deaths per 100,000 people was 151 for the EU-27 versus 92 in Serbia. The ratio of the total number of COVID-19 tests conducted to the total number of confirmed cases was 15.3 for the EU-27 and 5.4 for Serbia.

Figure 1: Total number of COVID-19 cases and deaths per 100,000 people & ratio of total number of COVID-19 tests to total number of cases, 3 February 2020 to 18 April 2021 (EU-27 and Serbia)

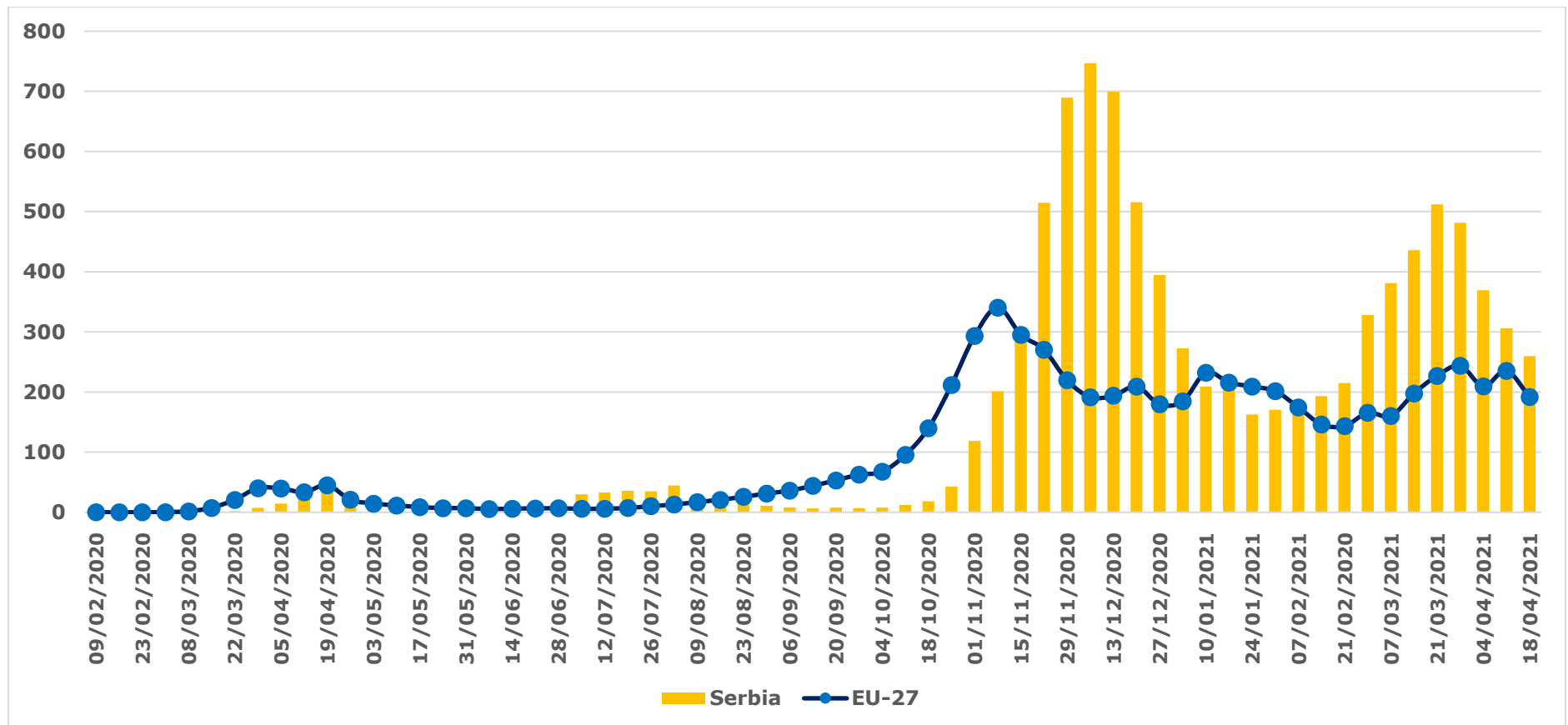


Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021

¹ Except if otherwise specified, the indicators presented in Sections 1.1 and 1.2 were calculated by the ESPN Network Core Team on the basis of data coming from two data sources: Our World in Data (OWID: <https://ourworldindata.org/coronavirus-source-data>) and the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>). These indicators were calculated for all the 35 ESPN countries for which data were available. All of them are presented in Annex B of the following report: Isabel Baptista, Eric Marlier, Slavina Spasova, Ramón Peña-Casas, Boris Fronteddu, Dalila Ghailani, Sebastiano Sabato and Pietro Regazzoni (2021), *Social protection and inclusion policy responses to the COVID-19 crisis. An analysis of policies in 35 countries*, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This report also provides additional explanations on the data sources used and the calculation of the indicators. In addition, Annex B of the report provides the country results related to all ESPN countries included in the two international data sources used (see Tables B1.1, B2.1 and B3.1 for Figure 1, Table B1.2 for Figure 2, Table B2.2 for Figure 3, Table B3.2 for Figure 4, Tables B4.1, B4.2 and B4.3 for Figure 5, Table B5 for Figure 6, Tables B6.1-3 for Figures 7a-c, and Tables B7.1-3 for Figures 8a-c). The full report and its various annexes can be downloaded [here](#).

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of confirmed COVID-19 cases per 100,000 people reached 191.8 for the EU-27. In Serbia, it was 259.7.

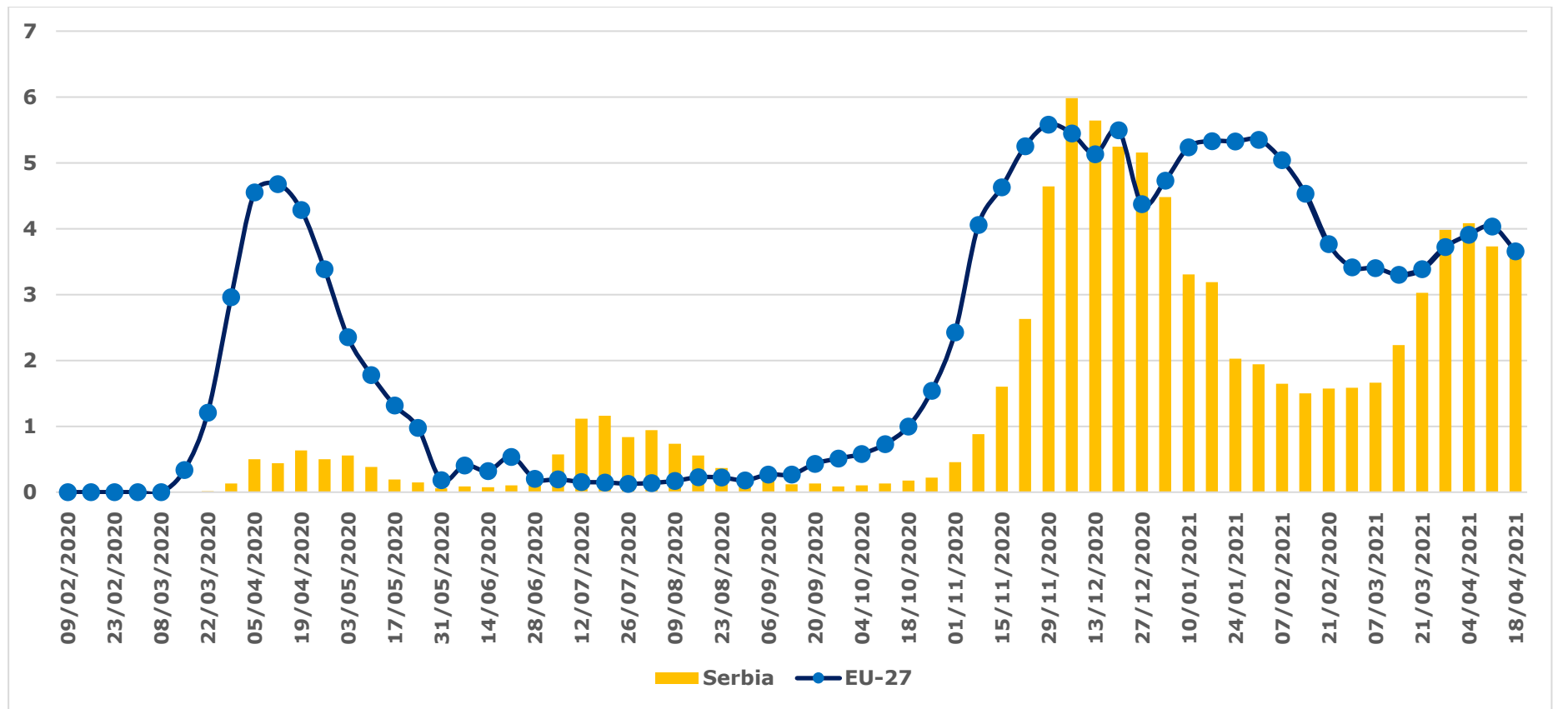
Figure 2: Weekly evolution - Number of confirmed COVID-19 cases per 100,000 people from 3 February 2020 to 18 April 2021 (EU-27 and Serbia)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 deaths per 100,000 people reached 3.66 for the EU-27 as a whole. In Serbia, it was 3.56.

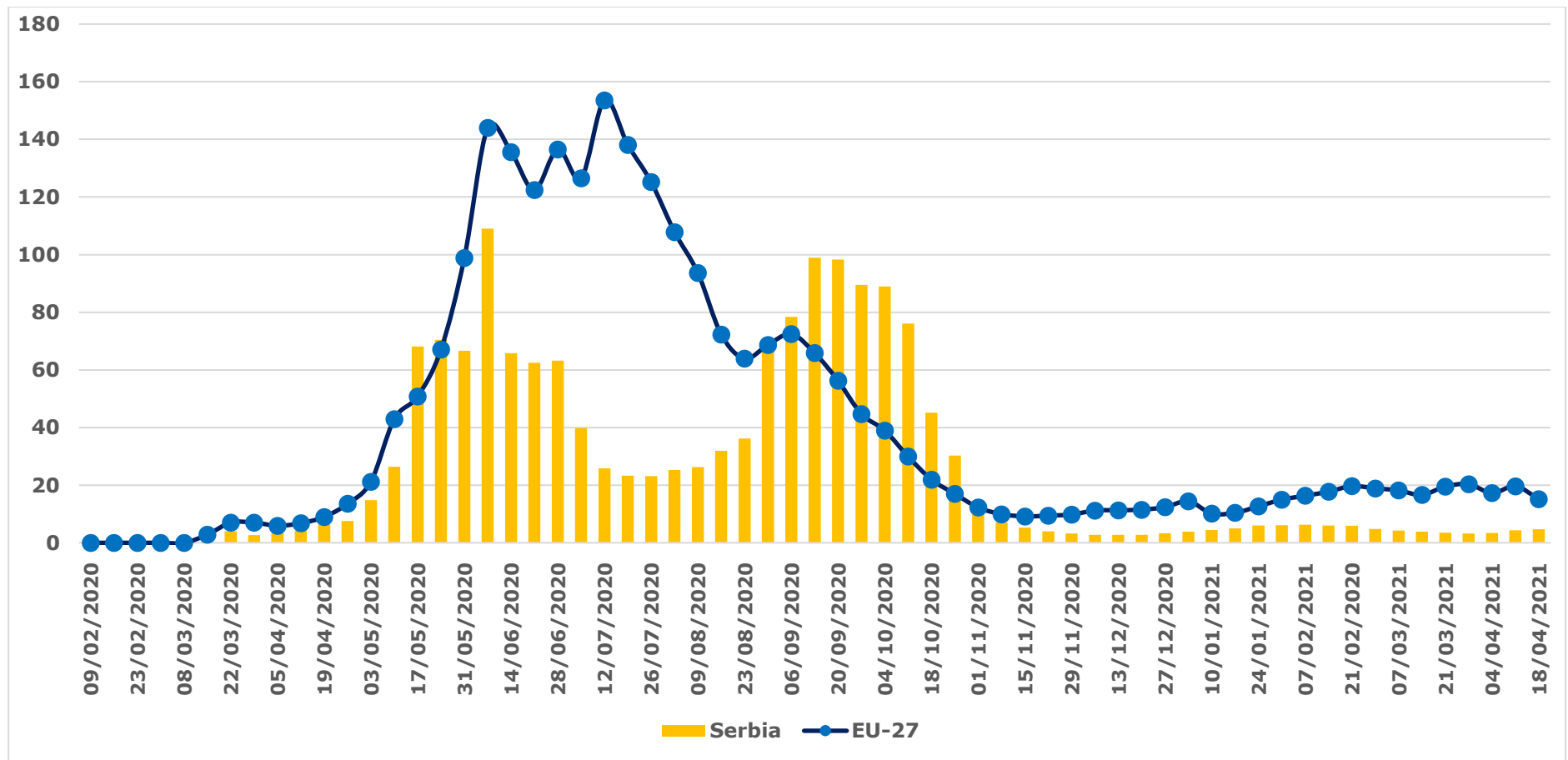
Figure 3: Weekly evolution - Number of COVID-19 deaths per 100,000 people, 3 February 2020 to 18 April 2021 (EU-27 and Serbia)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 tests per new confirmed COVID-19 cases was 15.2 for the EU-27. In Serbia, it was 4.7.

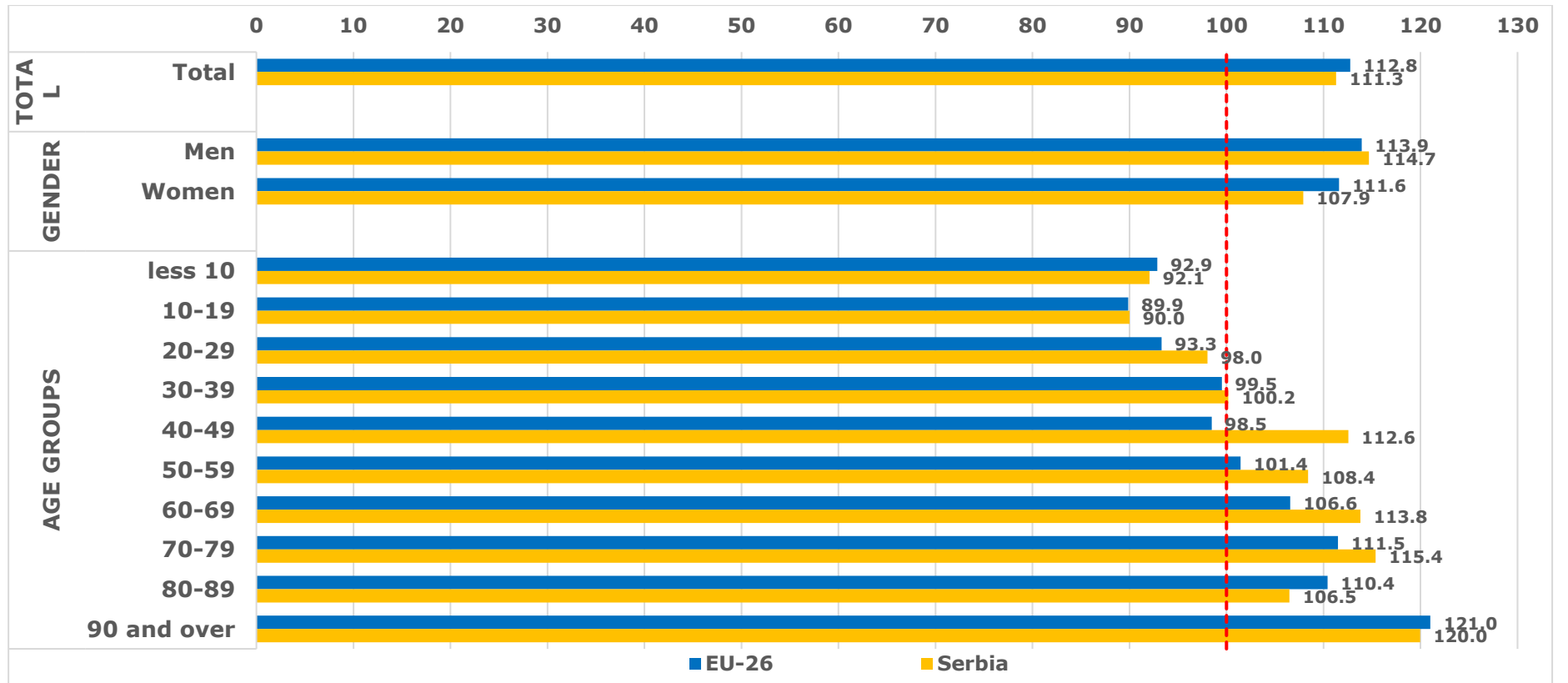
Figure 4: Weekly evolution - Number of COVID-19 tests per new confirmed COVID-19 case, 3 February 2020 to 18 April 2021 (EU-27 and Serbia)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021. Full quote for these testing data: Hasell, J., Mathieu, E., Beltekian, D. et al. (2020). "A cross-country database of COVID-19 testing". *Sci Data* 7, 345 (2020) (<https://www.nature.com/articles/s41597-020-00688-8>).

The excess mortality ratio for 2020 is the total number of deaths (without distinction of causes) in the year 2020 expressed as a percentage of the previous 4-year (2016-2019) annual average of the total number of deaths. For the EU-26 average (no data for Ireland), the ratio of the total population is 112.8% while it is 111.3% in Serbia. For the EU-26, it is 113.9% for men and 111.6% for women. In Serbia, these gendered ratios are 114.7% and 107.9% respectively. Excess mortality is higher among older age groups. For those aged 90 years and more it reaches 121.0% for EU-26 and 120.0% for Serbia.

Figure 5: Excess mortality - Total number of all deaths in 2020 as percentage of the 2016-2019 annual average (including gender and age breakdowns (EU-26 and Serbia))

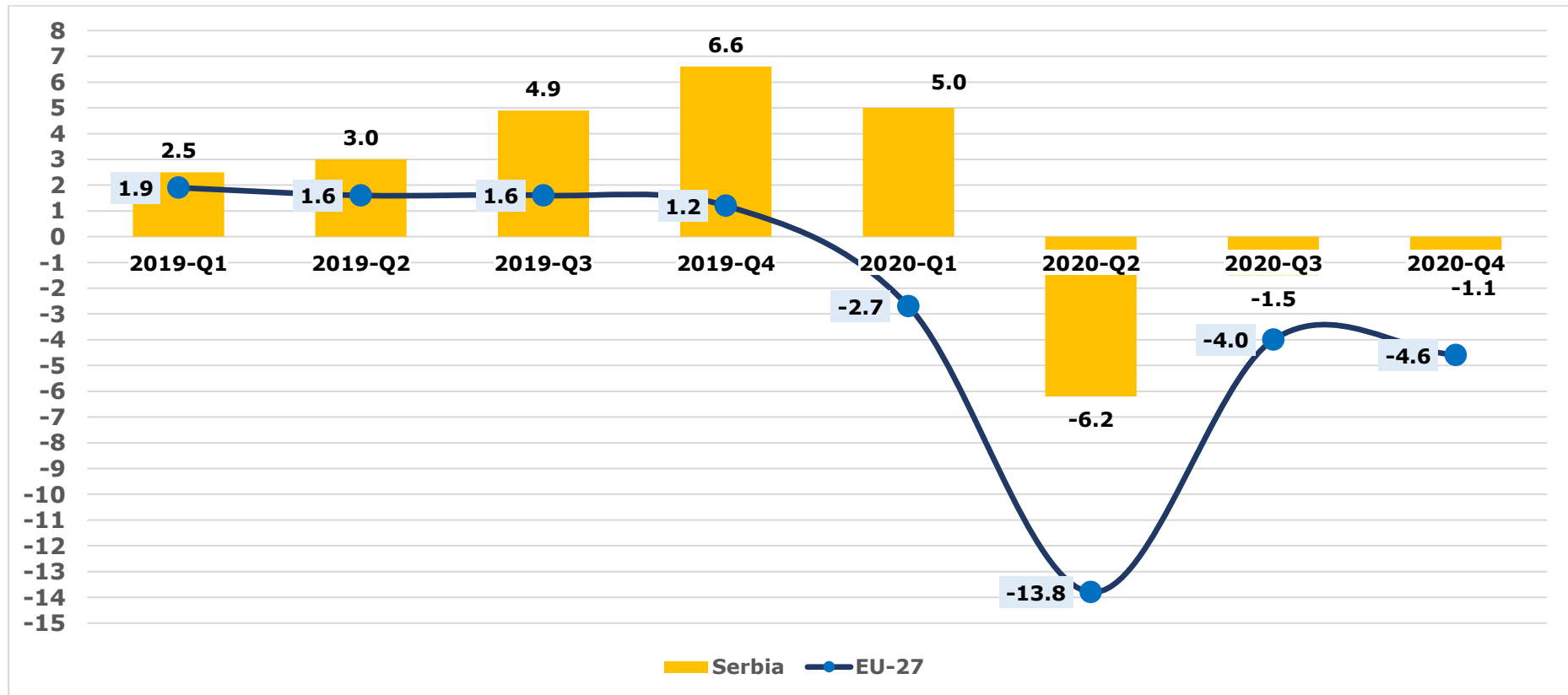


Source: Eurostat - indicator [DEMO_R_MWK_10__custom_560457] Deaths by week, sex and 10-year age groups - downloaded 26 April 2021. For Bosnia and Herzegovina: Agency for statistics of Bosnia and Herzegovina (data received upon request on 19 April 2021).

1.2 Economic and (un)employment situation

In the EU-27, GDP in the fourth quarter (2020-Q4) of 2020 fell by 4.6% compared to the fourth quarter of 2019 (2019-Q4). In Serbia, the decrease was 1.1% for the same period.

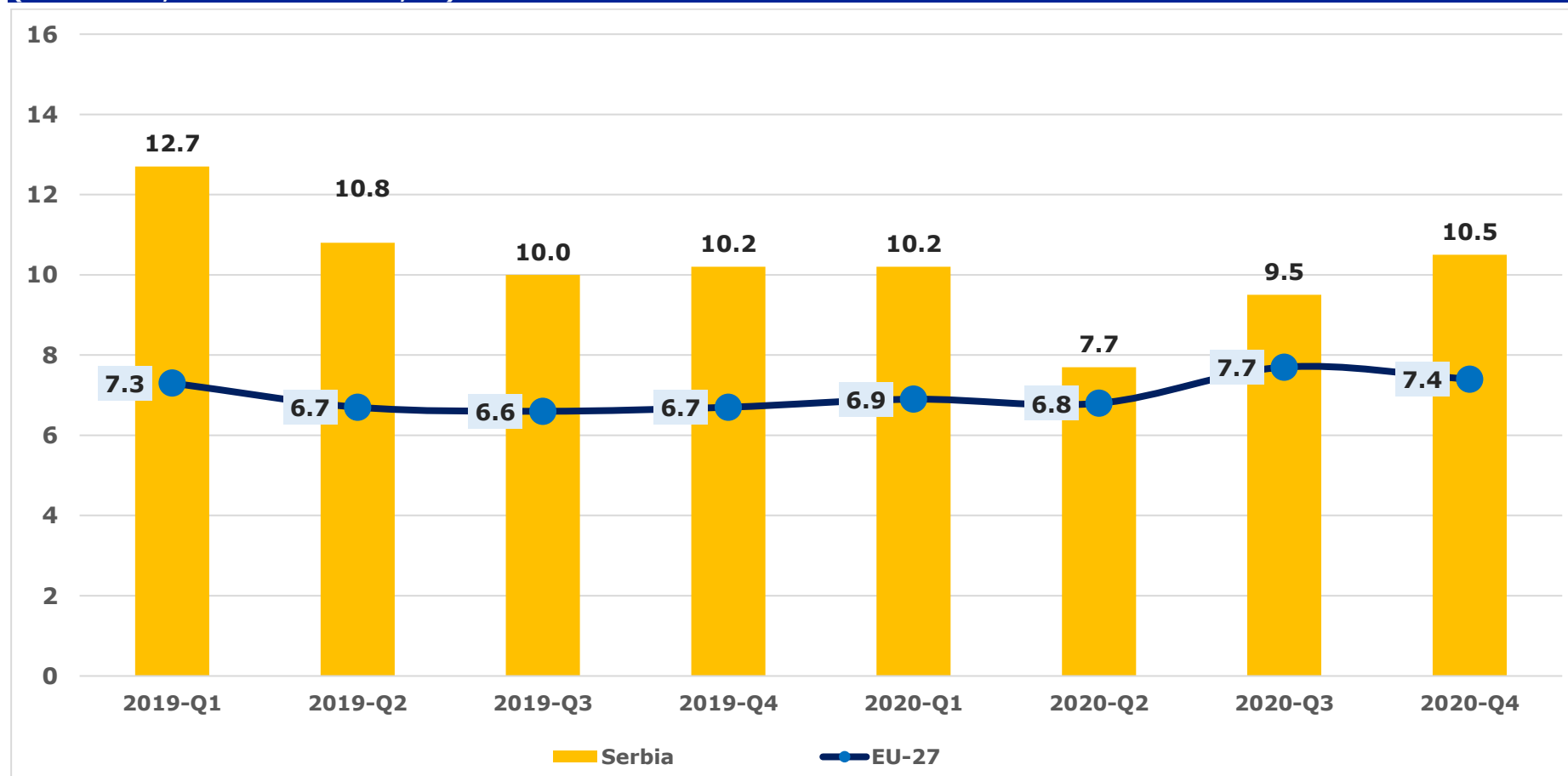
Figure 6: Gross domestic product at market prices, chain-linked volumes prices adjusted, percentage changes in quarter compared with same quarter in previous year (2019-2020, EU-27 and Serbia, %)



Source: Eurostat -GDP and main components (output, expenditure and income) - indicator [NAMQ_10_GDP__custom_507806] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.4%. In Serbia, it is 10.5%.

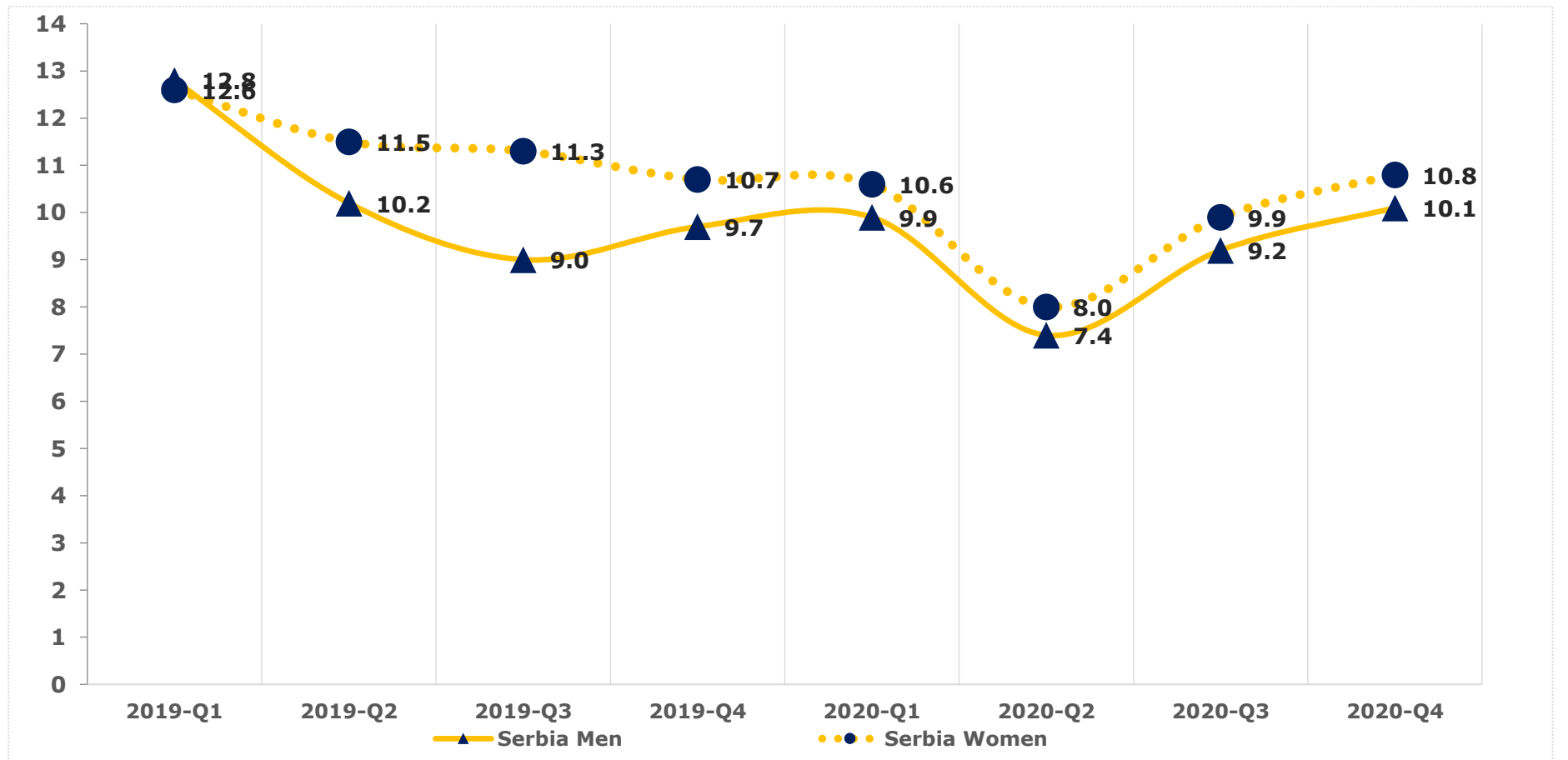
Figure 7a: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Serbia, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.1% for men and 7.7% for women. In Serbia, these figures are 10.1% and 10.8% respectively.

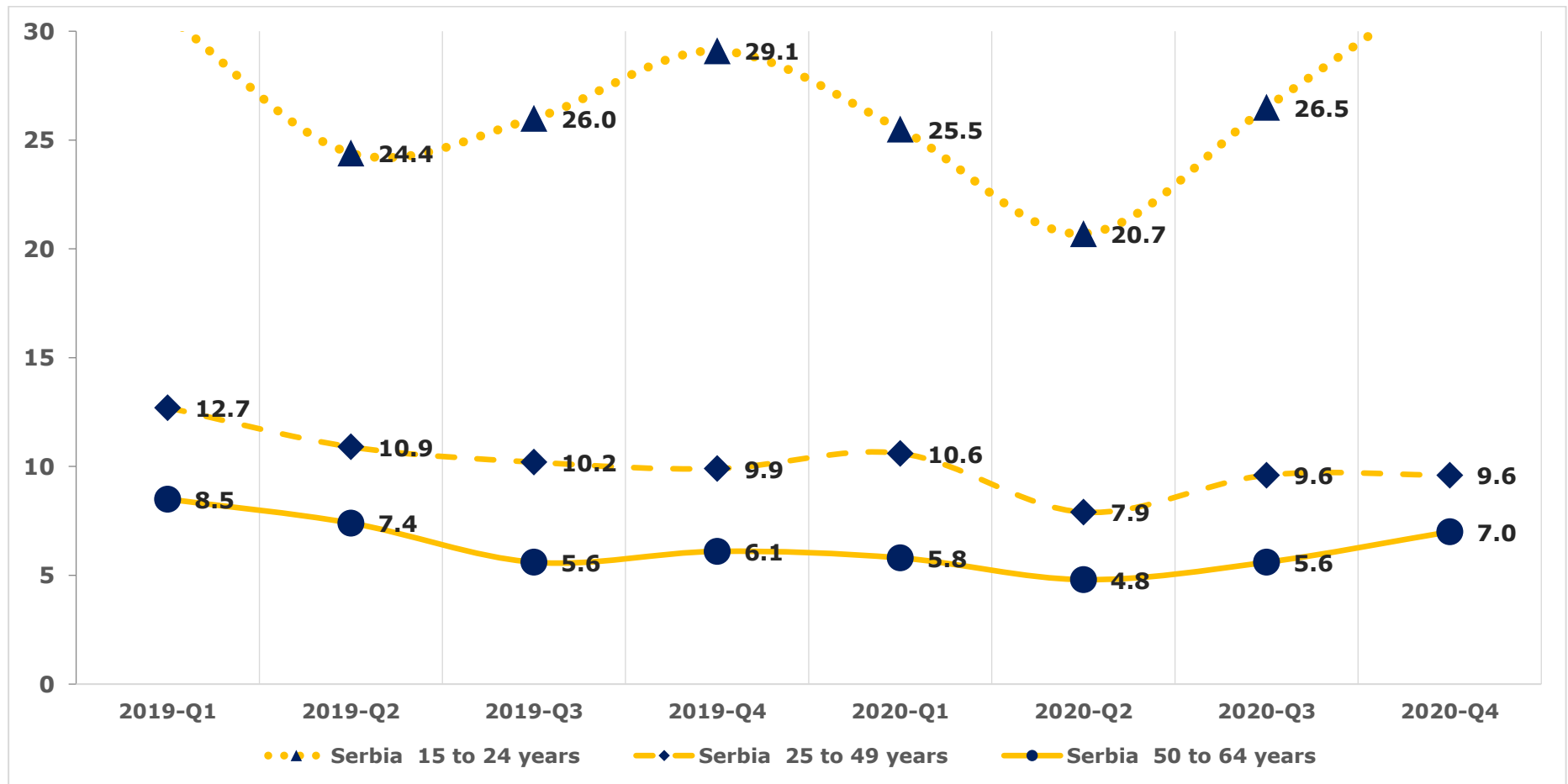
Figure 7b: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Serbia, %)



Source: Eurostat LFS - indicator [lfsq_organ] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 is 16.9% for the 15-24 age group. In Serbia, it is 32.4%.

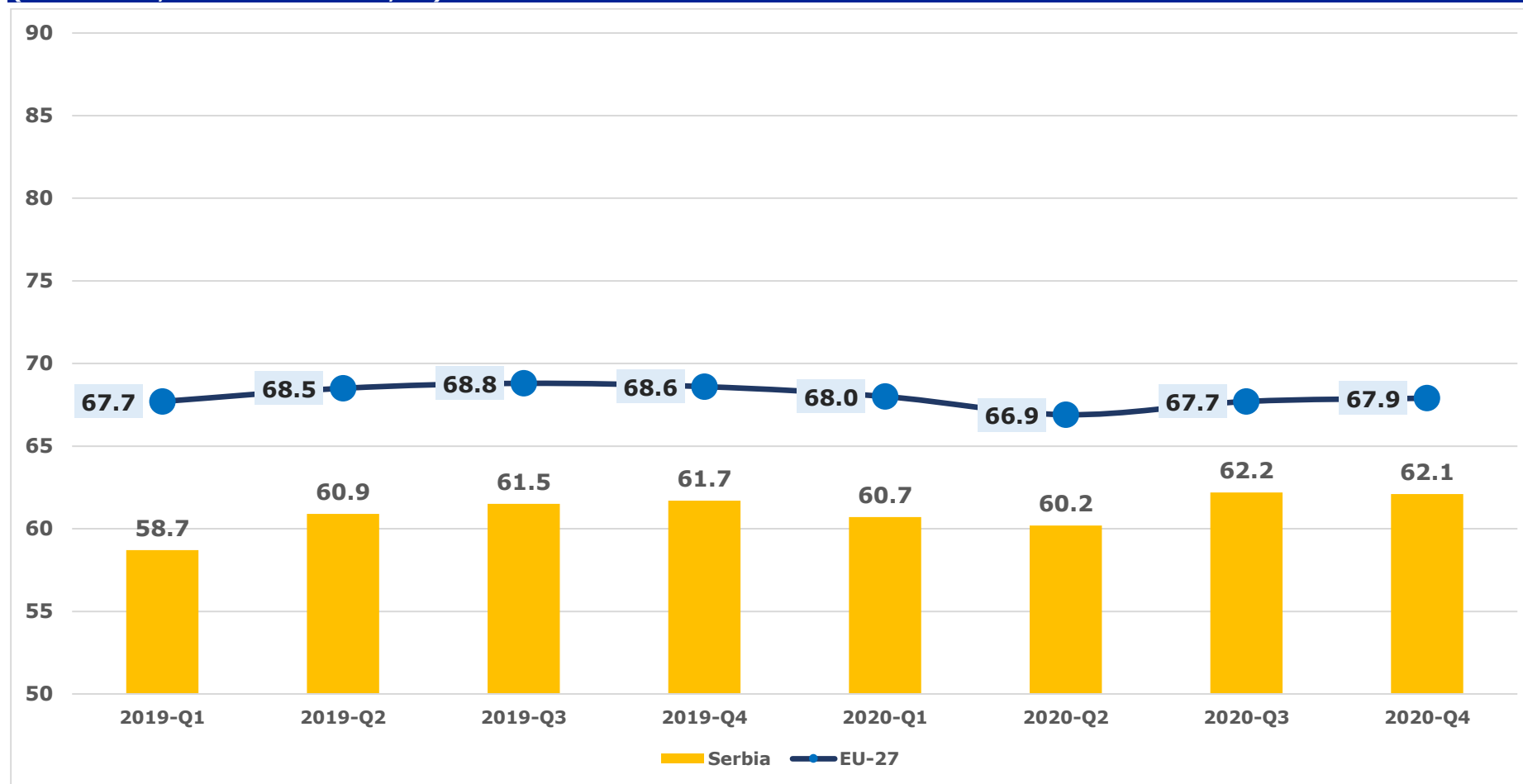
Figure 7c: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Serbia, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate for people aged 15-64 in the EU-27 is 67.9%. In Serbia, it is 62.1%.

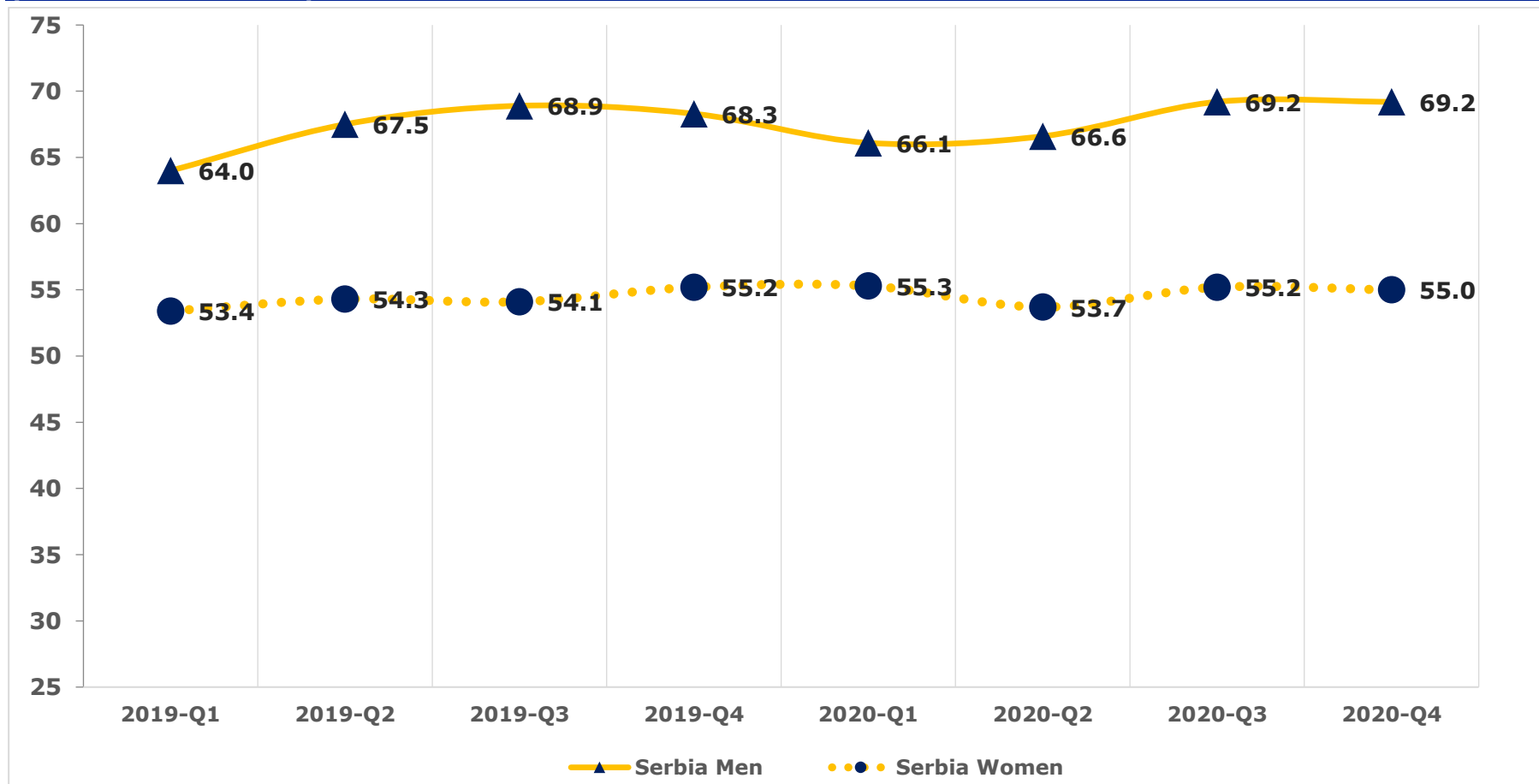
Figure 8a: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Serbia, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 73.0% for men and 62.8% for women. In Serbia, these figures are 69.2% and 55.0% respectively.

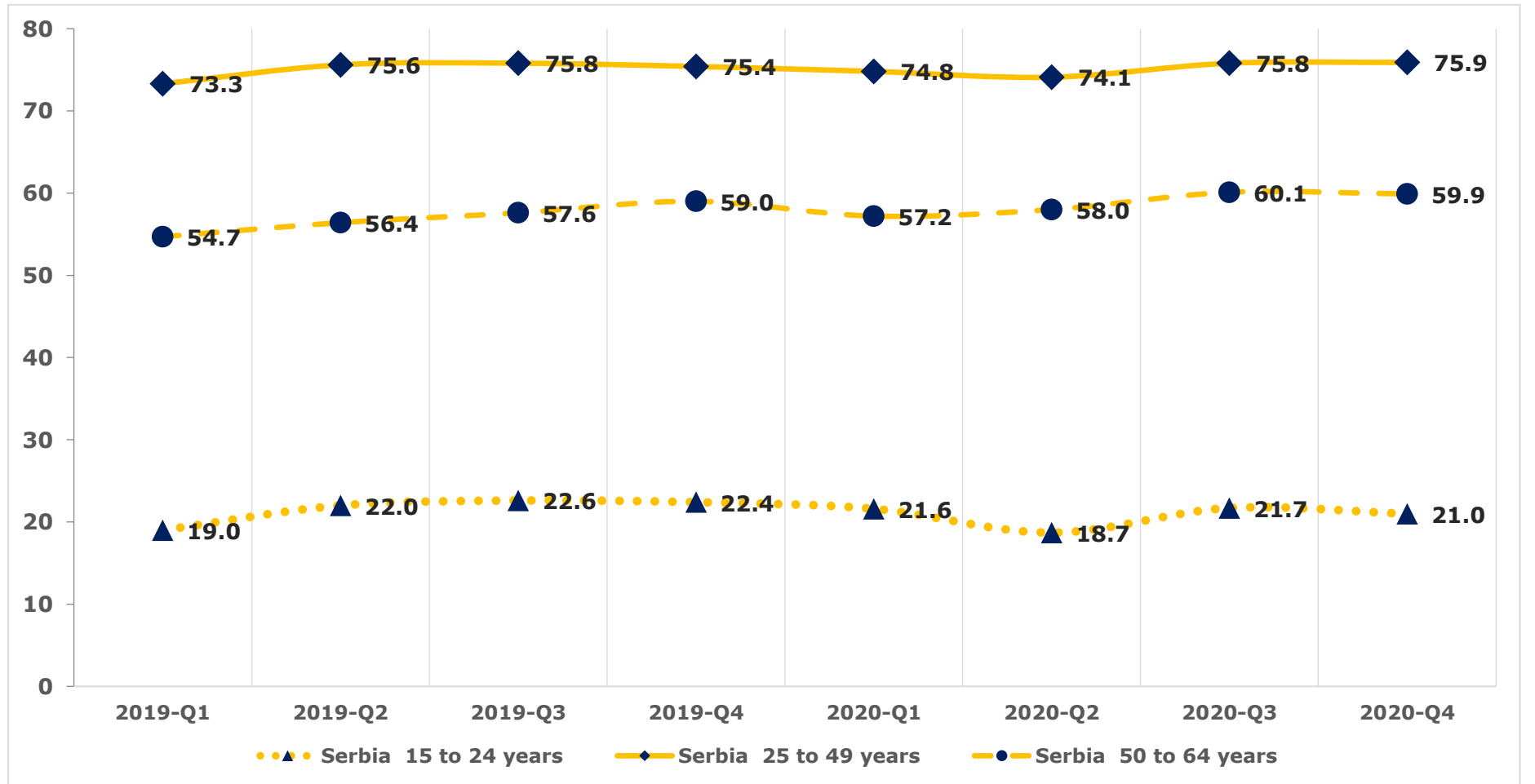
Figure 8b: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Serbia, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 31.1% for the 15-24 age group. In Serbia, it is 21.0%.

Figure 8c: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Serbia, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

1.3 Poverty, inequality and social exclusion situation

There are currently no data available that allow the impact of COVID-19 on poverty, inequality and social exclusion to be assessed.

2 SOCIAL PROTECTION AND INCLUSION MEASURES IN RESPONSE TO THE PANDEMIC²

Following the outbreak of the COVID-19 pandemic Serbia declared a state of emergency on 15 March 2020, which was cleared on 7 May. In April the government adopted a fiscal stimulus package to mitigate the negative impact of pandemic, and a second package with similar measures was adopted by the end of July. Additional measures were adopted for agricultural producers in April, and for business entities in the tourism sector in September and in December. The measures introduced predominantly targeted the business sector, while two measures in the form of direct cash payments covered all adult citizens and beneficiaries of the PIO Fund. There were no measures targeting vulnerable population groups: children, unemployed people, informally employed people and households with lower incomes.

This section provides a brief description of the main measures related to social protection and social inclusion that have been put in place to help mitigate the financial and social distress produced by the economic downturn caused by the pandemic. It is based on readily available data and evidence. For each measure, it provides the following information.

- a) Short description of the measure.
 - b) Category: Is it a flat benefit, a conditional benefit, both a flat and a conditional benefit, or neither a flat nor a conditional benefit?
 - c) Timing: When did the measure start/end? Has it been extended?
 - d) Depending on the category:
 - amount and duration (for flat measures); and
 - range (minimum-maximum), duration and conditionality (thresholds) (for conditional measures).
- If the measure is neither flat nor conditional, this is indicated by "Not applicable".
- e) Targeted population: what is/are the target(s) of the measure? – that is to say, which parts of the population or of the labour force. Where data and evidence are readily available, estimated number of people targeted and/or applicants.
 - f) Beneficiaries: What is the number of recipients of the measure (if relevant and available)?
 - g) Novelty: Was the measure new or an already existing one that was adjusted?

2.1 Measures related to unemployment benefits

There were no measures related to unemployment benefits.

² The temporary measures mentioned in this report refer to the situation as of 15 April 2021. Their duration may have been extended since then.

2.2 Measures of job protection provided through support to employers, employees and the self-employed

2.2.1 *Uredba o fiskalnim pogodnostima i direktnim davanjima privrednim subjektima u privatnom sektoru i novčanoj pomoći građanima u cilju ublažavanja ekonomskih posledica nastalih usled bolesti COVID-19 (Regulation on fiscal benefits and direct assistance for private sector business entities and on financial assistance to citizens in order to mitigate economic effects caused by COVID-19 disease)*

- a) Short description of the measure, as follows.
- i. Grant payment for micro, small, and medium-sized private enterprises (SMEs), entrepreneurs and the self-employed. Large private companies were entitled to subsidies for employees who were on temporary leave due to the COVID-19 pandemic (from 15 March 2020), on condition that employees were on temporary leave for at least 15 days in April and May 2020. All employers were eligible on condition that they did not reduce the number of registered employees (excluding those with fixed-term contracts) by more than 10% over the period from 15 March 2020 to three months after the receipt of the last payment. Entities that decided to use these grants were not allowed to pay dividends before the end of 2020.
 - ii. Deferral of labour taxes and social insurance contributions for three months, to be repaid in 24 instalments starting from January 2021 (changed to 10 February 2021 by a regulation of 24 December 2020).
 - iii. Deferral of advance payment of corporate income tax for the second quarter of 2020, until the submission of corporate tax returns for 2020.
- b) Category: Flat benefit.
- c) Timing: Adopted 10 April 2020, grants applicable for May-July 2020; deferral of labour tax and social contributions till January 2023 (31-33 months).
- d) Amount and duration: 30,367 RSD (€258.40) per month (guaranteed minimum net wage for March 2020) for the three months May-July 2020; large business entities were entitled to 50% of the monthly grant.
- e) Targeted population: Private business entities, entrepreneurs, and the self-employed, excluding large financial and insurance services companies. Included resident business entities and foreign companies registered as business entities in Serbia. Non-standard workers were not included and workers were not protected against dismissal. There were around 1,660,000 employed people eligible for the subsidies in 2020; however, the number of eligible employees (temporarily laid off) in large companies is not known (large companies employed 40.3% of all those employed in business entities in 2018) (RSO, 2020d). The Minister for Finance quoted a number of 1,050,000 eligible employees, which was around 50% of the total registered labour force in 2020.³
- f) Beneficiaries: Estimates based on the official data published in the fiscal strategy show that 1,020,064 SME employees and entrepreneurs received minimum-wage grants for five months (May-July and August-September 2020) (see Table 1). The document states that the number of applications from large companies was lower than anticipated, as many companies chose to pay dividends (not allowed under eligibility conditions). The estimate shows that only 21,076 employees from large companies were covered by these grants, which was around 4.4% of all employees working in large companies. Overall, the grants under the two measures quoted above covered around 50% of all registered employees (including public employees and employees

³ <https://www.cafs.rs/sr/novosti/n/news/drugi-paket-drzavnih-mera-pomoci-privredi-je-usvojen-i-ima-za-cilj-da-sacuva-radna-mesta.html>

from the financial sector, who were not eligible). Comparing only with the potentially eligible number of employees, coverage reached around 63% of employees.

- g) Novelty: Grant payments in respect of the minimum wage and deferral of advance payment of corporate income tax had not been applied before. Deferral of labour taxes and social insurance contributions had been applied before for some public companies and for farmers.

2.2.2 Zaključak Vlade 05 Broj 401-6052/2020 (The government Conclusion 05 No 401-6052/2020)

- a) Short description of the measure: The government conclusion authorises additional measures for private business entities that were covered by the above-quoted regulation in the following manner.
- i. Grant for SME employees, entrepreneurs and the self-employed. Large companies were entitled to subsidies for employees who were temporarily not working, for at least 15 working days in June and 15 working days in July 2020. All employers were eligible on condition that they did not reduce the number of registered employees (excluding those with fixed-term contracts) by more than 10% over the period from 15 March 2020 to three months after the receipt of the last payment.
 - ii. Deferral of labour taxes and social insurance contributions for August, to be paid by 5 January 2021 (changed to 10 February, with an option to be paid in 24 instalments, by a regulation of 24 December 2020).
- b) Category: Flat benefit.
- c) Timing: Adopted on 30 July 2020; applicable for August and September 2020.
- d) Amount and duration: 18,220 RSD (€155.10) per month (60% of the guaranteed minimum net wage for March 2020) for two months, August and September 2020; large companies were entitled to 50% of the monthly grant.
- e) Targeted population: Private business entities, entrepreneurs and the self-employed, excluding large financial and insurance services companies. Included resident business entities and foreign companies registered as business entities in the country (registered up to 20 July 2020). Non-standard workers were not included and workers were not protected against dismissal. Around 1,660,000 employees were eligible in 2020; however (RSO, 2020d), the number of eligible employees (temporarily laid off) from large companies is not known (large companies employed 40.3% of the total labour force in business entities in 2018). The condition that limited lay-offs of employees to 10% of registered employees had a restrictive effect on the eligibility of entrepreneurs and micro-enterprises, as they were not allowed to lay off even one employee. In 2018 entrepreneurs and micro-enterprises employed a fifth of the registered labour force (20.3%), while the average number of employees per entrepreneur was 0.9, and 1.8 per micro-enterprise (RSO, 2020d).
- f) Beneficiaries: estimates based on the official data published in the fiscal strategy show that 1,020,064 SME employees and entrepreneurs received minimum-wage grants for five months (May-July and August-September 2020) (see Table 1). The document states that the number of applications from large companies was lower than anticipated, as many companies chose to pay dividends (not allowed under eligibility conditions). The estimate shows that only 21,076 employees from large companies were covered by these grants, which was around 4.4% of all employees working in large companies. Overall, the grants under the two measures quoted above covered around 50% of all registered employees (including public employees and employees from the financial sector, who were not eligible). Comparing only with the potentially eligible number of employees, coverage reached around 63% of employees.
- g) Novelty: The same as for previous measure.

2.2.3 Uredba o utvrđivanju programa direktnih davanja iz budžeta Republike Srbije privrednim subjektima u privatnom sektoru u cilju ublažavanja ekonomskih posledica nastalih usled bolesti COVID-19 (Regulation on direct assistance for private sector business entities in order to mitigate economic effects caused by COVID-19 disease)

- a) Short description of the measure: Grant payment for private enterprises and for entrepreneurs and self-employed people. All employers are eligible on condition that they do not reduce the number of registered employees (excluding those with fixed-term contracts) by more than 10% until three months after the receipt of the last payment. The entities that decide to use these grants are not allowed to pay dividends before the end of 2021.
- b) Category: Flat benefit.
- c) Timing: Adopted on 11 February 2021; applicable for April, May and June 2021.
- d) Amount and duration: 15,450 RSD (€131.50) per month (50% of guaranteed minimum net wage for January 2021).
- e) Targeted population: Private business entities, entrepreneurs and the self-employed, excluding large financial and insurance services companies. Includes resident business entities and foreign companies registered as business entities in the country. Non-standard workers are not included and these workers are not protected against dismissal. Around 1,638,000 people are eligible, as registered employees in the private sector (excluding the financial and insurance services sector) (RSO, 2021a).
- f) Beneficiaries: The Minister for Finance stated in April 2021 that 1,130,000 employees had received the first grant (70% of the estimated eligible number of registered employees).⁴
- g) Novelty: The same as for previous measure.

2.2.4 Uredba o utvrđivanju programa finansijske podrške privrednim subjektima za održavanje likvidnosti i obrtna sredstva u otežanim ekonomskim uslovima usled pandemije COVID-19 (Regulation on determination of financial assistance programme for business subjects for maintenance of liquidity and current assets during difficult economic conditions due to COVID)

- a) Short description of the measure: The regulation defined working capital credit lines with earmarked funds of 24 billion RSD (€204.2 million). The purpose of this programme was to enable business entities to cover their current liabilities (for wages and other business obligations). The credit line, managed by the state development fund, secured loans with a 36-month repayment period (including a 12-month grace period) with a 1% interest rate. The conditions for entities registered for tourism were more relaxed, with a five-year repayment period and a two-year grace period. It was a condition that the beneficiary did not reduce the number of employees by more than 10% from 15 March 2020 until three months after the release of the credit line.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: Adopted 10 April 2020, applicable until 10 December 2020 at the latest (or as long as the earmarked resources lasted).
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: SMEs, entrepreneurs, the self-employed and co-operatives with majority private ownership, in the manufacturing, trade, services and agriculture sectors (excluding trade in crude oil and oil derivatives, and lottery games). There are no data on the target population due to the financial liability conditions. On 31

⁴ <https://mfin.gov.rs/aktivnosti/mali-do-kraja-godine-kontinuirana-podrska-privredi-i-gradjanima>

December 2018 there were 453,000 legal and natural persons officially registered as businesses (RSO, 2019).

- f) Beneficiaries: There are no official data on the number of recipients. The Minister for Finance quoted a figure of around 1,500 loans approved by 14 July 2020.⁵ The application deadline was 10 December 2020.
- g) Novelty: Similar measures had been applied before. The development fund manages a number of similar schemes for private companies and entrepreneurs: start-up credits, subventions for women entrepreneurs, innovative business and other schemes.

2.2.5 Zaključak Vlade Republike Srbije 05 broj: 401-6733/2020-1, i Zaključak broj 401-1342/2021-1 Program rasporeda i korišćenja subvencija za podršku radu hotelske industrije Srbije zbog poteškoća u poslovanju prouzrokovanih epidemijom bolesti COVID-19 (R. Serbia Government Conclusion 05 No 401-6733/2020-1, and Conclusion No 401-1342/2021-1 programme of distribution and use of subventions for support to Serbian hotel industry due to business difficulties due to COVID-19 epidemic)

- a) Short description of the measure: Grant payment related to number of beds and guest rooms, on condition that the number of registered employees (excluding those with fixed-term contracts) was not reduced by more than 10% over the period 15 August to 31 December 2020, or until three months after the receipt of the last payment in 2021.
- b) Category: Flat benefit.
- c) Timing: The first measure was adopted in August 2020 and the second in February 2021, to be executed after the approval of the application.
- d) Amount and duration: Grant payments of €350 per bed, and €150 per guest room (paid in RSD calculated on the day of payment). The maximum grant was €800.
- e) Targeted population: Private hotels in local communities which had the lowest occupancy rates compared with other tourist destinations in Serbia; 68 local communities in 2020 (45% of all local communities), and 76 local communities (50% of all communities) in 2021.
- f) Beneficiaries: 314 hotels received the grant in 2020, which was around 1.6% of all business entities registered for accommodation services in Serbia in 2020 (RSO, 2020b). In 2021 294 hotels received the grant.
- g) Novelty: The measure had not been applied before.

2.2.6 Uredba o utvrđivanju Programa rasporeda i korišćenja subvencija za podršku radu ugostiteljske i turističke privrede zbog poteškoća u poslovanju prouzrokovanih epidemijom bolesti COVID-19; Uredba o izmeni i dopuni Uredbe (Regulation on confirmation of programme of distribution and use of subventions for supporting food, beverage and tourism industries due to business difficulties due to COVID-19 epidemic; regulation amending and adding to the regulation)

- a) Short description of the measure: Two payments for employees who received a wage in December 2020. The payment is given on condition that the number of employees (excluding those with fixed-term contracts) is not reduced by more than 10% until three months after the receipt of the last payment. Non-standard workers are not included and workers are not protected against dismissal.
- b) Category: Flat benefit.

⁵ See text: [Mali: "Odobreno skoro 10.000 kredita privrednim subjektima" \(blic.rs\)](https://www.blic.rs/vesti/srbija/2020/07/14/odobreno-skoro-10000-kredita-privrednim-subjektima).

- c) Timing: Adopted on 4 December 2020; amendments and additions adopted on 15 April 2021.
- d) Amount and duration: Grant payment of 30,900 RSD (€263) (guaranteed minimum net wage for January 2021). To be used for payment of two months' wages, by the end of September 2021.
- e) Targeted population: All private business entities registered in the tourism industry: including all types of accommodation, the food and beverage industry, tourist agencies and car rental services. In 2020 3,414 business entities with 85,840 employees were registered in the accommodation and food and beverage services (2020 average); they represented 3.87% of the total registered labour force in 2020 (RSO, 2020c).
- f) Beneficiaries: No data available.
- g) Novelty: The measure has not been applied before.

2.3 Measures related to sickness benefits and sick pay

These measures covered in total around 14.56% of the registered labour force in Serbia in 2020 (average) (RSO, 2020c).

2.3.1 Poseban kolektivni ugovor za državne organe (Special collective agreement for government bodies)

- a) Short description of the measure: Additions to the collective agreement between the government and the trade unions for civil servants employed in the central state administration, which regulates reimbursement for absence from work during the COVID-19 pandemic. The adjustments are: (i) illness caused by the COVID-19 is included as an occupational disease; and (ii) absence from work imposed by prescribed self-isolation is included as an eligibility condition for 100% reimbursement.
- b) Category: Conditional benefit.
- c) Timing: Introduced on 14 April 2020 – ongoing.
- d) Range, duration and conditionality: 100% of the previous month's net wage.
- e) Targeted population: The measure relates to civil servants employed in central government management and administration bodies. 128,492 public employees in central government administration; 6.17% of the total registered labour force in 2020 (average) (RSO, 2020c).
- f) Beneficiaries: No data available.
- g) Novelty: The measure represents an addition to the article that regulates sickness benefits and sick pay, under the health insurance law. The law defines eligibility for 100% reimbursement of sick benefits and sick pay in respect of cases caused by occupational illness (as defined by the republic commissions for specific diseases) or by work-related injuries. The amendments introduced extend eligibility to include absences from work caused by the COVID-19 pandemic, and cases where the illness or the potential exposure to COVID-19 is the result of work or occupational activity. The reimbursement base is the current regular wage.

2.3.2 Poseban kolektivni ugovor u jedinicama lokalne samouprave (Special collective agreement for local administrative bodies)

- a) Short description of the measure: Additions to the collective agreement between the government and the trade union for civil servants employed in the bodies established by local government, which regulates reimbursement for absence from work during the COVID-19 pandemic. The adjustments are: (i) illness caused by COVID-19 is included as an occupational disease; and (ii) the absence from work imposed by prescribed self-isolation is included as an eligibility condition for 100% reimbursement.

- b) Category: Conditional benefit.
- c) Timing: Introduced on 14 April 2020 – ongoing.
- d) Range, duration and conditionality: 100% of the previous month's net wage.
- e) Targeted population: The measure relates to civil servants employed in local government management and administration bodies.
- f) Beneficiaries: No data available.
- g) Novelty: The measure represents an addition to the article that regulates sickness benefits and sick pay under the health insurance law. The law defines eligibility for 100% reimbursement of sick benefits and sick pay in respect of cases caused by occupational illness (as defined by the republic commissions for specific diseases) or by work-related injuries. The amendments introduced extend eligibility to include absence from work caused by the COVID-19 pandemic, or cases where the illness or potential exposure to COVID-19 is the result of work or occupational activity. The reimbursement base is the current regular wage.

2.3.3 Poseban kolektivni ugovor za zdravstvene ustanove čiji je osnivač republika Srbija, Autnomna pokrajina i jedinica lokalne samouprave – Aneks 1 (Special collective agreement for healthcare institutions established by the Republic of Serbia, autonomous provinces and local government bodies – Annex 1)

- a) Short description of the measure: Additions to the collective agreement between the government and representatives of the trade unions for employees in public healthcare institutions, which regulates reimbursement for absence from work during the COVID-19 pandemic. The adjustments are: (i) illness caused by COVID-19 is included as an occupational disease; and (ii) absence from work imposed by prescribed self-isolation is included as an eligibility condition.
- b) Category: Conditional benefit.
- c) Timing: Introduced on 21 April 2020 (applicable from 1 March 2020) – ongoing.
- d) Range, duration and conditionality: 100% of the average of the previous 12 months' wages.
- e) Targeted population: Employees in public healthcare institutions established by the Republic of Serbia, autonomous provinces and local government bodies. In 2020 100,880 healthcare workers were employed in public healthcare institutions; 4.84% of the total registered labour force in 2020 (average) (RSO, 2020c).
- f) Beneficiaries: No data available.
- g) Novelty: The measure represents an addition to the provision that regulates sickness benefits and sick pay under the health insurance law. The law defines eligibility for 100% reimbursement of sick benefits and sick pay in respect of cases caused by occupational illness (as defined by the republic commissions for specific diseases) or by work-related injuries. The reimbursement base is the average wage for the previous 12 months. The amendments introduced extend eligibility to absences from work caused by the COVID-19 pandemic, or cases where the illness or potential exposure to COVID-19 is the result of work or occupational activity.

2.3.4 Poseban kolektivni ugovor za socijalnu zaštitu (Special collective agreement for social protection)

- a) Short description of the measure: Additions to the collective agreement between the government and the trade unions of employees in public social protection institutions, which regulates reimbursement for absence from work during the COVID-19 pandemic. The adjustments are: (i) illness caused by COVID-19 is included as an occupational

disease; and (ii) absence from work imposed by prescribed self-isolation is included as an eligibility.

- b) Category: Conditional benefit.
- c) Timing: Introduced on 24 April 2020 – ongoing.
- d) Range, duration and conditionality: 100% of the average of the previous 12 months' wages.
- e) Targeted population: Employees in public social protection institutions (centres for social work, public institutions for accommodation of older people, and institutions for the accommodation of people with physical and/or mental disabilities). 50,016 employees in public social care institutions; 2.40% of the total registered labour force in 2020 (average) (RSO, 2020c).
- f) Beneficiaries: No data available.
- g) Novelty: The measure represents an addition to the article that regulates sickness benefits and sick pay under the health insurance law. The law defines eligibility for 100% reimbursement of sick benefits and sick pay in respect of cases caused by occupational illness (as defined by the republic commissions for specific diseases) or by work-related injuries. The reimbursement base is the average wage for the previous 12 months. The amendments introduced extend eligibility to absences from work caused by the COVID-19 pandemic, or cases when the illness or potential exposure to COVID-19 is the result of work or occupational activity.

2.4 Measures related to health insurance

No measures related to health insurance coverage were introduced. Under the current health insurance law, mandatory health insurance covers 100% of healthcare costs for diagnostic procedures and healthcare services for infectious diseases. On 10 March 2020 the government declared COVID-19 to be an infectious disease and adopted a set of prevention measures.

2.5 Measures related to minimum-income schemes and other forms of social assistance

2.5.1 *Zaključak Vlade o isplati finansijske pomoći penzionerima i korisnicima invalidnina 2020, 2021 (Government conclusion on financial assistance for pensioners and beneficiaries of disability assistance 2020, 2021)*

- a) Short description of the measure: Three direct grants.
- b) Category: Flat benefit.
- c) Timing: First payment in March 2020; second payment in December 2020; third payment in September 2021.
- d) Amount and duration: one-off grant of €150, paid in three instalments (€50 each).
- e) Targeted population: All pensioners and beneficiaries of disability assistance. There are around 1,750,000 pensioners and beneficiaries of disability assistance, 24.37% of the total population estimated for 2019 (PIO Fund, 2021).
- f) Beneficiaries: The grants are transferred automatically to all beneficiaries.
- g) Novelty: This type of assistance has been applied in previous years for pensioners, but not for beneficiaries of disability benefits.

2.5.2 Uredba o primeni rokova u upravnim postupcima za vreme vanrednog stanja (Regulation on assertion of deadlines relating to administrative proceedings during emergency state)

- a) Short description of the measure: A regulation postponed normative deadlines for all administrative proceedings which expired after 14 March 2020, until 15 days after the ending of the state of emergency.
- b) Category: Neither flat nor a conditional benefit.
- c) Timing: Adopted 24 March 2020; applicable until 24 May 2020.
- d) Amount and duration: Not applicable.
- e) Targeted population: Beneficiaries of social assistance with an expiry date of the acquired social rights from 15 March 2020 and onward.
- f) Beneficiaries: No data available.
- g) Novelty: It was a new measure.

2.6 Measures related to housing support

2.6.1 Odluka o odloženom plaćanju računa za komunalne usluge (Decision on deferral of payment of unified utility bills adopted by local public communal companies)

- a) Short description of the measure: A deferral of payment of unified utility bills was adopted by the majority of local public companies that provide communal utility services for the residents in large cities. The unified utility bills cover expenses for all housing services, except provision of electricity/gas. Deferral covered bills from February to May 2020, to be paid after the ending of the state of emergency.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: March-May 2020 (over the state of emergency period).
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: There was no uniform coverage of households. In some local communities only pensioners and people aged 65 and over were included, while in others all residents were eligible.
- f) Beneficiaries: No data available.
- g) Novelty: The measure had not been applied before.

2.7 Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19

There were no measures related to assistance for parental leave.

2.8 Other important temporary social protection/inclusion measures adopted in the context of the pandemic, which do not fall in any of the categories listed in the previous sections

2.8.1 Uredba o fiskalnim pogodnostima i direktnim davanjima privrednim subjektima u privatnom sektoru i novčanoj pomoći građanima u cilju ublažavanja ekonomskih posledica nastalih usled bolesti COVID-19 (Regulation on fiscal benefits and direct benefits for private sector business and on financial assistance to citizens in order to mitigate economic effects caused by COVID-19 disease)

- a) Short description of the measure: Direct one-time grant to be paid after the end of the state of emergency.
- b) Category: Flat benefit.
- c) Timing: The regulation was adopted on 10 April 2020 and payments were made on 25 May 2020.
- d) Amount and duration: One-off grant of €100.
- e) Targeted population: All Serbian citizens (aged 18 and over) with a valid ID. Pensioners and FSA beneficiaries were automatically registered for the grant, while other citizens had to register at the e-government website (*euprava*). In 2019, according to the official population estimate, there were 5,722,433 citizens aged 18 or over, which was 82.61% of the total population (RSO, 2020a).
- f) Beneficiaries: According to estimates there were around 6,127,660 recipients.
- g) Novelty: The measure had not been applied before.

2.8.2 Zakon o privremenom registru punoletnih državljana Republike Srbije kojima se uplaćuje novčana pomoć za ublažavanje posledica pandemije bolesti COVID 19 (Law on temporary register of R. Serbia adult citizens, for payment of financial assistance for mitigation of impact caused by COVID-19 disease)

- a) Short description of the measure: Direct grant.
- b) Category: Flat benefit.
- c) Timing: The law was adopted by the government on 25 March 2021 (and by parliament on 22 April 2021).
- d) Amount and duration: One-off grant of €60 paid in two instalments (€30 each); the first one in May, the second in November.
- e) Targeted population: All adult Serbian citizens (aged 18 and over) with a valid ID. Pensioners and FSA beneficiaries were automatically registered for the grant, while other citizens had to register at the e-government website (*euprava*). In 2019, according to the official population estimate, there were 5,722,433 citizens aged 18 or over, which was 82.61% of the total population (RSO, 2020a).
- f) Beneficiaries: No data available.
- g) Novelty: The measure was applied in 2020.

2.8.3 Odluka o izmenama i dopunama finansijskog plana Nacionalne službe zapošljavanja za 2021 godinu (Decision about amendments and additions to the 2021 financial plan of the National Employment Service)

- a) Short description of the measure: Direct one-time grant.
- b) Category: Flat benefit.

- c) Timing: The decision was adopted on 1 April 2021, payments to be made in June 2021.
- d) Amount and duration: One-off grant of €60.
- e) Targeted population: All people registered as unemployed with the National Employment Service (NES), on 15 April 2021. By 31 March 2021 534,427 people had been registered with the NES (NES, 2021).
- f) Beneficiaries: On 18 April the director of the NES stated that after the official announcement of the grant the number of registered unemployed people increased. According to his estimates around 600,000 people were eligible for the grant.
- g) Novelty: The measure has not been applied before.

2.8.4 Odluka o ograničenju visine cena osnovnih životnih namirniaca i zaštitne opreme (Decision on restriction of prices of essential food items and personal protective equipment)

- a) Short description of the measure: Introduction of ceiling on wholesale and retail prices of essential food products (16 items), personal hygiene products (9 items) and personal protective equipment (11 items). The prices may not exceed the level as at 5 March 2020.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: Adopted 15 March 2020, applicable until 15 June 2020.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: The whole population.
- f) Beneficiaries: No data available.
- g) Novelty: Price ceilings have been imposed in previous years, but only for some types of bread.

3 SOCIAL PROTECTION AND INCLUSION RESPONSES TO THE CRISIS: OVERALL ASSESSMENT AND POSSIBLE GAPS

This third section briefly considers three aspects: the expected cost of the social protection and inclusion measures put in place by the country (Section 3.1), the impact of these measures on the social protection system and on social inclusion policies (Section 3.2), and the possible remaining gaps in the social protection system and in social inclusion policies (Section 3.3). It concludes with Section 3.4 on debates and recommendations.

3.1 Expected cost of social protection and inclusion measures

The main objective of the mitigation measures introduced during the COVID-19 pandemic was the preservation of the employment and financial status of private business entities. The government introduced three packages of measures, two in 2020 and a third in April 2021. Overall, the planned funds came to 947.4 billion RSD (€8.1 billion), 17.5% of the 2019 GDP. The cost of the two packages introduced in 2020 was 690.3 billion RSD (€5.9 billion), 72.9% of all dedicated funds, and the cost of the third package was 257.1 billion RSD (€2.2 billion). The largest proportion of the designated funds has been earmarked for measures designed to preserve jobs, by direct grants of a guaranteed minimum wage for employees and self-employed people, on condition that employers do not reduce the number of registered employees by more than 10% (see Table 1). The share of these outlays in all measures planned for 2020 and 2021 came to 22.5%. The cumulative share of direct grants to all adult citizens, pensioners and disability allowance beneficiaries and registered unemployed people came to 15.3% (16% of total expenditure). The resources allocated to other measures were mainly designed to preserve liquidity and cover operational costs.

Table 1: Review of financial resources planned for measures to mitigate the negative effects of the COVID-19 pandemic in 2020-2021

Measures	Planned		
	RSD billion	Euro billion	% 2019 GDP
Fiscal policy measures			
Deferral of payment of income tax and social contributions – 4 months	168	1.43	3.10
Deferral of advance payment of corporate income tax	21	0.18	0.39
Direct grants			
Private entrepreneurs, SME employees: 3 months guaranteed net minimum wage; 2 months at 60% of guaranteed minimum wage (2020); 3 months at 50% guaranteed minimum wage (2021)	203.1	1.73	3.75
Tourism sector, two payments of guaranteed net minimum wage (2021)	3.3	0.03	0.06
Accommodation business: direct payments: €350 per bed, €150 per room; in 2020 and in 2021	4.2	0.04	0.08
Private bus transport companies €600 per bus (2021)	2.6	0.02	0.05
Measures to preserve private sector liquidity			
Financial support programme through the development fund	24	0.20	0.44
Guarantee schemes to support the economy	360	3.06	6.64
Dividend moratorium until the end of the year, and loss of revenue	16	0.14	0.30
Other measures			
Other measures, including direct grants to: pensioners (2020, 2021); all adult citizens (2020, 2021); and all registered unemployed people (2021)	145.2	1.24	2.68
TOTAL	947.4	8.06	17.49

Source: Ministry of Finance: Fiscal strategy for 2021 with projections for 2022 and 2023; law on amendments to the 2021 budget law.

3.2 Impact on the social protection system and on social inclusion policies

Apart from job-retention measures, no specific social protection and social inclusion measures have been introduced. One-off grants for adult citizens and grants for PIO Fund beneficiaries were distributed independently of income status. These measures were categorised as fiscal incentives measures for boosting consumption. The grant for the adult population discriminated against families with children, who are among the most vulnerable groups in Serbia. In 2019 households with three or more children had the highest at-risk-of-poverty rate, 51.9%, which was 28.7 percentage points (p.p.) above the national average. A UNICEF report showed that 47% of households with children were faced with a reduction of income, and for 8% of households the reduction was more than 50% (UNICEF, 2020).

The measures put in place in response to the crisis will not contribute to reshaping the social protection system and social policies, since they have not covered the needs of the most vulnerable population groups.

3.3 Remaining gaps in the social protection system and social inclusion policies

As commented earlier, the measures introduced have not targeted the most vulnerable groups of the population: families with children, FSA beneficiaries, unemployed people and lower-income households. The main gaps in the provision of social protection and inclusion are set out below.

- No measures targeting FSA beneficiaries have been introduced, even though the level of the FSA is very low – it was last set in October 2020, when it was 15,535 RSD (€132.10) for two adults and one child, which covered less than half the cost of the minimum consumer basket of 37,935 RSD (€323) (August 2020 for a three-member household), and was also significantly lower than the poverty threshold for October 2020 of 27,829 RSD (€237).
- The majority of public institutions switched to e-services during the crisis as a way to maintain physical distancing and adhere to movement restrictions. This policy reduced the availability of services and information for groups that lacked appropriate knowledge and technology (mainly older people and poor households).
- As educational institutions were closed early at the beginning of the pandemic (15 March) and switched to online teaching, there was additional strain on family budgets for securing appropriate IT devices and internet connections. There were no measures at central or local levels to assist in the provision of IT devices for schoolchildren from lower-income households.
- Day-care services were suspended during the state of emergency. People with disabilities and older people reported that homecare services, which are locally funded, were reduced or completely interrupted in some communities during that period (UNFPA, 2020). A curfew for older people (65+) was imposed in mid-March and they were not allowed to leave the house (except for medical and other urgent reasons) until the beginning of May 2020; this restriction caused problems in assessing social protection for these groups.⁶ The relevant ministry prescribed complicated procedures for obtaining movement permits, which were difficult to assess (SIPRU, 2020).
- In April 2020 the government recommended that employers alter their general employment acts on reimbursement of employees for sick benefits and sick pay for cases where illness is caused by COVID-19, and for prescribed self-isolation due to exposure to an infected person/s (as a result of work or occupational activity). The recommendation states that such cases should be reimbursed by 100% of the wage base. There are no data on whether employers have accepted the recommendation.⁷
- As the measures adopted only covered formally employed workers, informal workers were not covered by the safety net, even though their jobs are the most insecure, and the available data point to a reduction in informal work in 2020. Informal employment had been rather high in Serbia – in 2019 the informal employment rate was 18.2% – but it fell in 2020 to 16.4%, most markedly outside the agricultural sector (RSO, 2021b). In a survey of informally employed people conducted in June-July 2020, 70% of those interviewed stated that their financial situation had worsened, while 30% stated that they did not have enough resources to make ends meet (OHCR, 2020).

⁶ Shopping for the essential goods was allowed once a week in early morning hours.

⁷ RS Official Gazette 50/2020.

- As the pandemic put an enormous strain on healthcare institutions, the availability of essential healthcare services for non-COVID-19 patients was reduced, since a number of hospitals and clinics admitted only COVID-19 patients. The number of first visits to stationary healthcare institutions in the second quarter of 2020 was 45% lower than in the same period in 2019, while the number of hospital admissions was down by 33%. Overall, compared with the average for 2016-2019, the number of all services provided fell by 45% (EI, 2020). For these reasons patients had to access services in the private sector and to pay out-of-pocket. The government did not make any arrangements with private sector healthcare providers for the provision of the necessary diagnostic and treatment services.

3.4 Debates and recommendations

The main debates and arguments regarding the COVID-19 mitigation measures relate to the lack of social protection measures targeting the most vulnerable population groups.

The Fiscal Council criticised the payments to all adult citizens, for which in their opinion there was no justification (FC, 2020). They argued that this grant will not boost consumption, as during the pandemic the demand for consumer goods changes, for a number of reasons: movement restrictions, the cessation of holiday travel, the postponement of purchases of cars or household appliances, etc. At the same time, this measure cannot be categorised as a social measure, as all citizens, including those with high incomes, were entitled to it. In that sense, the measure poses an additional burden on the budget, while the cost of this measure is more than twice as high as the funds planned for social protection benefits (FSA, and caretaker allowances) in the revised central budget for 2020. According to their calculations, the earmarked funds could be used for a year's expenditure on unemployment benefits for 200,000 people who lost their jobs during the pandemic, or for additional financial assistance to 500,000 beneficiaries of social protection benefits.

The authors of the UNDP study "Serbia COVID-19 Socio-economic Impact Assessment" concluded that the social protection system in Serbia did not provide a timely and adequate response to the most affected population groups. Their conclusions were that: "Unlike in other Western Balkan countries, in Serbia there was no legal adjustment that would ensure the effective expansion of benefits or the number of beneficiaries for poverty-targeted programs that would protect the most vulnerable, especially at the local level" (UNDP, 2020).

The main recommendations for future mitigation measures point to the need for selective targeting of potential beneficiaries, by employing criteria of economic and social vulnerability. The International Labour Organization recommended that "the Serbian government will need to identify and focus future policy packages on those population groups that are most vulnerable and most affected by the crisis"; since the scope for fiscal measures will be reduced, the assistance should reach those most in need (ILO, 2020). The Fiscal Council has the same views on the allocation of future assistance, as it recommends that the 2021 package of protection measures should target only those business entities and population groups that have been affected the most. The council members point out that the central budget deficit has been increasing, and public debt might rise above 60% of GDP in 2021; whereas the selective targeting proposed might keep the budget deficit under 4% of GDP and limit the growth of public debt (FS, 2021).

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