

PERFORMANCE OF WESTERN BALKAN ECONOMIES REGARDING THE EUROPEAN PILLAR OF SOCIAL RIGHTS

2021 review on Serbia





EUROPEAN CENTRE FOR SOCIAL WELFARE POLICY AND RESEARCH

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Executive summary

In 2020, the COVID-19 pandemic created enormous challenges for the entire population of Serbia, threatening people's health, jobs and living standards. Key political, economic, and social institutions found themselves under a prolonged strain to ensure that basic health and social services remain accessible, especially for vulnerable groups. The government's proactive attitude toward the health crisis and financially impressive near-universal support to businesses and citizens alike certainly significantly cushioned the overall effects of the crisis. In most socio-economic indicators in 2020, Serbia fared better compared with its regional peers. However, not all population groups were given the amount of attention and support proportional to their exposure to health and socio-economic risks.

The situation of Roma living in substandard settlements came under the spotlight thanks to the two landmark pieces of research published in 2020. The UNICEF report, based on the MICS survey conducted in 2019, presents a detailed comparison of basic human development indicators for Roma children and adults living in segregated settlements with those indicators for the general population. While there is some, far from impressive progress compared with the previous MICS wave in 2014, the picture remains bleak and could be summed up with the Roma life expectancy shortfall of 12.4 years compared with general population (Raković, 2015). The SIPRU research on substandard settlements was conducted during the first several months of COVID-19 pandemic. It provides a sort of census of the Roma population in substandard settlements, documents the absence of basic services such as electricity, clean water and sewerage in significant proportion of them, and offers a glimpse into extraordinary hardship experienced by the Roma communities due to mobility restrictions and reduced possibilities for subsistence work.

In most of the reviewed policies and principles that are part of the European Pillar of Social Rights, Serbia performs below the European Union standards. While in some areas this assessment is expected and in a certain way unavoidable, since Serbia is poorer than any one of the EU Member States, in some other fields that are less dependent on the level of national income, such as those closely related to social protection, equality and exercise of basic human rights, it is less justifiable. Serbia's shares of public revenue and public expenditure in GDP are quite close to the EU average, and consequently its performance with regard to social inclusion, social protection, income equality and poverty alleviation could be significantly improved by re-orientating its policy priorities and reshuffling the existing tax-benefit system.

In the field of equal opportunities and access to labour market, Serbia performs below the European Union averages. In this field, Serbia has made significant efforts in the process of joining the EU to create equal opportunities for all, to prohibit discrimination on all grounds, and to strengthen social dialogue. Education is generally inclusive and of good quality, but some groups are left behind, especially children with Roma background and children with disabilities. The gender gap in the labour market is reflected in the first place in persistent above-average gender employment gap, while the gender pay gap is still lower than average but has been growing in recent years. The equal opportunity principle enshrined in the Constitution is challenged daily in practice on the grounds of age, disability status, gender, sexual orientation, ethnic affiliation etc.; however public awareness

campaigns and the establishment and activities of independent protection bodies have brought about some improvements in this field. Active support for employment has been limited in the first place due to insufficient allocated funds, but to some degree also because of the insufficient orientation of active labour market policy to support in practice the most vulnerable groups in the labour market. The ex-post analysis of the National Employment Strategy 2011-2020 showed that it has been harmonised with the priorities and goals of the government and those of the Europe 2020 Strategy and that it stayed relevant despite the socio-economic, political and administrative changes. The newly adopted Employment Strategy in RS 2021-2026 and accompanying Action Plan 2021-2023 more precisely determine the groups of hard-to-employ persons which should have priority for inclusion in ALMPs, which is incorporated in the concept of each measure.

Reforms in labour legislation slowed down due to the impact of pandemic and social dialogue remains relatively weak. The pressure of business toward further flexibilisation of labour legislation continued with the proposal to extend legal arrangements regulating seasonal work outside of agriculture. The weakening of standard employment contracts with reduction of workers' rights has already quite likely gone too far and now it is time for the correction and the strengthening of social dialogue. While amendments to the Labour Law in 2014 shifted the pendulum from 'secure' toward 'adaptable' employment, it is debatable if this has been an improvement or not. The Labour Law reform has not reduced the discrepancy in rights between the open-ended employment contracts and other forms of employment and work. Precarious work remains a serious problem. There is still not a reliable evaluation of how the 2019 Law on Agency Employment is being implemented in practice. The pressure for rebalancing the power relations between the labour and business side comes from the labour market, where growing shortages of skilled labour have pushed wages up in recent years. This trend has been supported by some government actions, such as significant increases in minimum wage and the publicly stated commitment to have the average net monthly wage grow to EUR 900 by the end of 2025. However, the Government's reliance on aggressive public sector and minimum wage hikes as two vehicles of wage growth might create new distortions and challenges. Despite some recent improvements, social dialogue remains underdeveloped and conflictual. Current tax-benefit system supporting work-life balance appears to be quite unbalanced, with the generous rules regarding maternity and parental leave, but without any tax credit for dependent family members. Overall, while recent reforms have favoured employers rather than employees, the exogenous improvement in the labour market situation coupled with the high level of economic emigration (only temporarily slowed down due to Covid-19 pandemic) suggests that the balance of power is gradually shifting toward workers.

The field of social protection and social inclusion remains one of the most challenging of all. The situation is challenging in most areas. Efforts are being made to harmonize the field of social protection and social inclusion with the EU legislative framework. Support to children and families with children is quite austere and sometimes unjust, as well as ineffective in lifting almost 30% of all children above the risk of poverty. Access to social protection for workers outside of employment contracts is very limited, while the coverage rate of unemployment benefits is well below 10% and the replacement rates are declining. The COVID-19 created new difficulties on top of usual hardship of adults and children who are institutionalised and in long-term care. The pandemic also halted the progress in the employment integration of persons with disabilities. The only true minimum income programme, financial social assistance, has an asymmetric success in targeting – while it is very good in excluding those who are not poor, it makes a relatively significant error of exclusion, since the coverage is incomplete with regard to the absolutely poor by national standards. The amounts of

social assistance, indexed only by CPI, are too small to have a more pronounced impact on poverty reduction. Poor people in rural areas are often denied financial social assistance due to rigid asset testing rules. The pension system generates extensive intergenerational and within-generational inequalities and is regressive in its character, implying transfers from future generations of pensioners to current ones, as well as transfers from non-participants to participants in the pension insurance scheme. These inequalities should be remedied by the gradual introduction of universal or quasi-universal non-contributory pensions financed by general government revenues that are at the moment used to top-up current pay-as-you-go pensions.

To sum up, the social protection system, while in some areas is supporting inclusion, reducing poverty and enhancing equality, in other areas is less effective in addressing poverty and inequality.

This appears to be one of the most pressing problems facing the challenging field of social rights in Serbia. Closely connected to it is the issue of labour and employment rights and the relative ineffectiveness of narrowly understood employment and social policy in addressing precarity and informality in the labour market. Measures that have the potential to incentivise employment creation and formalisation of informal jobs, such as significant reduction of very high social insurance contribution rates, which would be welcomed by both employees and employers, have been applied only in homeopathic doses by policymakers in recent years, despite the growing fiscal space. A critical rethinking of the ways and means to achieve a more integrated labour market and more inclusive society within a broad dialogue involving social partners, the academic community and civil society is urgently needed. This dialogue should be inspired and guided, in light of the European perspective of Serbia, by the principles enshrined in the European Pillar of Social Rights.

Introduction

In 2020, the COVID-19 pandemic created enormous challenges for the population of Serbia, threatening people's health, jobs and living standards. Key political, economic and social institutions found themselves under prolonged strain to ensure that basic health and social services remain accessible, especially for vulnerable groups. The government's proactive attitude toward the health crisis and financially impressive near-universal support to businesses and citizens alike certainly significantly cushioned the overall effects of the crisis. In most socio-economic indicators in 2020, Serbia fared better compared with its regional peers. However, not all population groups were given the amount of attention and support proportional to their exposure to health and socio-economic risks.

Social policy and social rights in Serbia have long been considered as a minor area of interest within a big picture of the process of European integration and overall socio-economic progress of the economy. To be sure, the legal framework of human rights in Serbia is fully developed and in line with international standards. It is based on the rule of law, social justice and human and minority rights, proclaiming to guarantee civil, political, cultural, economic and social rights to all persons. The Ministry of Labour, Employment, Veteran and Social Affairs has been making significant efforts to improve the area of social policy and realization of social rights with limited human and financial resources available. Furthermore, civil society and human rights organisations as well as international humanitarian and development agencies have always been very active in the field. They have been instrumental and indeed indispensable in providing relief and at the same time they have been vocal in exposing the hardship of the deprived groups and the ineffectiveness and inadequacy of social welfare policies. The prevailing opinion of policymakers and most influential experts in the field, however, expressed early in the landmark Poverty Reduction Strategy from 2003, was that market reforms are the key for any sustainable improvement in the employment of the population, social policy and social rights, poverty reduction and social inclusion. In other words, they believed that the trickle-down effect will eventually bring the lasting improvement for both the 'old poor' and new 'transition losers'. This view was challenged and shaken by the impact of economic crisis of 2008 on the Serbian economy, and, perhaps even more decisively, by the publication of results of the Survey on Income and Living Conditions (SILC) for Serbia starting from 2013.

The introduction of SILC has for the first time revealed, through a wide set of objective and comparable indicators, opportunities to improve social policy (and the tax-benefit policy) to better address poverty, income inequality and social exclusion. In 2016, the Gini coefficient reached its maximum of 39.8 points, while the quintile ratio was 11.0. In the meantime, the fiscal consolidation and increase in employment have certainly contributed to some moderation of inequality indicators, limited by the fact that the tax-benefit system remained largely unchanged. However, since 2018 there is an ongoing effort within SORS, initiated by the part of the expert community and SIPRU team (see for example UNDP, 2018 and CEVES, 2020) to boost the incomes of bottom deciles. These methodological changes include imputation instead of self-reporting of social benefits and removal of negative incomes. They are not fully documented and are asymmetric, since there is no effort to similarly boost the incomes of top deciles. These changes have undermined both inward (over time in Serbia) and outward (with other, primarily neighbouring economies using SILC) comparability of

recently published SILC results. Despite these interventions, at-risk of poverty rate stands around 23%, among the highest in Europe. Children and young people below 25 years of age face an at-risk of poverty rate of almost 30%. A synthetic measure of inequality of disposable income, the Gini coefficient was 33.3 in 2019.

The social situation in Serbia is monitored by a wide array of governmental and non-governmental actors. Among the governmental actors, these are in the first place Serbia's Statistical Office (SORS) as the main producer of primary data from various household surveys and from national accounts, and the Ministry of Labour, Employment, Veterans and Social Affairs (MLEVS), as the main producer of primary administrative data, some of which are also available from the social insurance funds and the National Employment Service (NES). The Institute of Public Health 'Batut' produces detailed statistics related to public health and demographic trends. The semi-governmental Social Inclusion and Poverty Reduction Unit (SIPRU), an externally financed project currently attached to the Prime Minister's Office, collects information and coordinates projects in various fields within its remit. SIPRU is especially active in processing and interpreting data on poverty and inequality as well as developing indicators for monitoring of the social situation. Independent official bodies, including the Ombudsman, the Commissioner for the Protection of Equality and the Commissioner for the Information of Public Importance and Personal Data Protection, also represent valuable sources of information in their respective fields of activity.

Non-governmental actors range from mostly scientific- and policy-oriented think-tanks to activist grassroots organisations. The Belgrade Centre for Human Rights is dedicated to analysing the general state of human rights, including producing detailed annual legal assessments of the state of human rights in the areas of work, employment and social policy. The Foundation Centre for Democracy monitors legal and economic aspects of labour and employment policy. Another think tank, the Centre for Social Policy is active in the analysis of social policies and data at the national and local level. The Foundation for the Advancement of Economics follows and interprets employment and social policy trends, makes use of an own microsimulation tax-benefit model for scientific and policy purposes, and in cooperation with another think-tank in the field, Secons, produces analytical quarterly monitoring reports of the social situation, MONS.

2 Serbia's performance in the 20 principles of the European Pillar of Social Rights

2.1 Chapter I: Equal opportunities and access to the labour market

2.1.1 Education, training and life-long learning

The field of education, training and life-long learning was exposed to multiple challenges related to the spread of COVID-19 pandemic since March 2020. To prevent the spread of the virus, schools and preschool institutions in Serbia closed in mid-March 2020. The Ministry of Education, Science and Technological Development (MoE) prepared an "Operational Plan for Continuation of Schoolwork in Difficult Conditions," introducing distance learning through TV and online platforms. Recorded classes were broadcast from March 17 to May 29, 2020 on national and regional public TV channels and through the local media, including in eight minority languages. After the abolition of the State of Emergency, primary, secondary schools, and university faculties continued to work remotely, whereas preschool institutions reopened for in-person instruction in mid-May 2020. The speed of response and selected approach to adjusted learning formats were broadly effective. Large majority of students in primary and secondary education were able to access the learning platforms and 98% in fact used them. Less than 2% of students had to use alternative modes, such as studying from printed materials. (UNDP, 2020).

Serbia constitutionally guarantees the right to education to everyone (Article 71). According to the Constitution, primary education is mandatory and free, whereas secondary education is free, but not mandatory. All citizens are guaranteed access to higher education under equal conditions. Constitution declares that successful and talented students from less affluent backgrounds have guaranteed free tertiary education in accordance with the law. Establishment of schools and universities is regulated by the law.

Serbian Labour Force Survey data show a very low share of early school leavers of 5.6% in 2020 (5.4% for males and 5.8% for females). This ratio is calculated as the share of persons aged 18-24 whose highest level of completed education is primary education and who do not attend education or training in the total population of that age. The 2020 share improved compared with 6.6% in 2019 and 6.8% in 2018. This percentage is more than 4 percentage points lower than the EU average;

however, it should be borne in mind that administrative data on secondary school enrolment suggest a much higher share of early school leavers. A useful discussion on subtleties of terminology and underlying subpopulations covered is provided by Krstic et al (2017).

The MICS survey 2019 reports that the primary school completion rate is nearly 100 percent and the transition rate to secondary school is 95 percent, while the secondary school completion rate is 98. The gender parity index is 0.98 for primary schools and 0.99 for secondary schools. There is a slight but steady upward trend in years of schooling a child can expect to attain by age 18—13.4 in total, while learning-adjusted 11.6 years in 2018 (ETF 2020).

Children from ethnic minority backgrounds have access to education in their own language. Education in minority languages is the responsibility of the national councils of national minorities and the Ministry of Education, Science and Technological Development, and as of October 2020 of the newly established Ministry of Equality and Social Dialogue, which also has councils. Classes are taught in 1,240 primary schools in Serbian and eight minority languages (in order of frequency)—Hungarian, Bosnian, Albanian, Slovak, Ruthenian, Romanian, Croatian and Bulgarian. About 35,000 students attend classes in their own language in 1 114 schools, bilingually in 122 schools, while in four schools teaching takes place in multiple languages.

Socio-economic background significantly impacts school attendance and performance of children. Results of MICS (Multiple Indicators Cluster Survey) conducted in 2019 point at the significance of socio-economic background for the school attendance and performance of children (UNICEF, 2000). Overall, 99 percent of children of primary school age (6–13 years) attend primary school, while 94 percent of children aged 14–17 years attend secondary school. Secondary school attendance is correlated with the mother's level of education: 79 percent of children whose mothers have primary or no education attend secondary school compared to 97 percent of children whose mothers have higher education. Socio-economic factors also have an impact on secondary school attendance: only 79 percent of children from the poorest households and 84 percent of children living in materially deprived households attend secondary school, compared to 99 percent of children from households not experiencing material deprivation. In total, 6 percent of children of secondary school age are not attending secondary school; 2 percent attend primary school, while the remaining 4 percent are not attending school at all. Only 1 percent of children of secondary school age in urban areas do not attend school at all, compared to 7 percent in non-urban areas.

Roma children and youth have far lower enrolment rates compared to other students. In Roma settlements, only 92 percent of children of primary school age (6–13 years) attend primary school, less than 1 percent attend preschool education, while 7 percent of children do not attend any form of education (UNICEF, 2020). Non-attendance is strongly affected by the mother's level of education, with 13 percent of children whose mothers have primary or no education do not attend school, compared to 4 percent of children whose mothers have secondary or higher education. Socio-economic status also matters, with the percentage of Roma children who do not attend school from households in the poorest quintile is twice as high as the percentage of children from households in the richest quintile (8 and 4 percent, respectively). Only 28 percent of Roma children of the appropriate age (14–17 years) attend secondary school; 15 percent still attend primary school, and 57 percent of children of secondary school age do not go to school at all. There are large differences in secondary school attendance between Roma children from the households in the poorest quintile (13 percent) and the households in the richest quintile (53 percent).

Roma children and youth have far lower completion rates than other students. The primary school completion rate among children living in Roma settlements is 64 percent and the effective transition rate to secondary school is 55 percent, while the secondary school completion rate is 61 percent. The gender parity index is 0.98 for primary school while for secondary school it drops to 0.89 (0.83 in urban compared to 0.97 in other areas).

With the participation rate in adult education of 3.7% in 2020, Serbia failed to achieve the goal of the Strategy for education development in Serbia (SEDS) to have the participation rate in adult education of 7% by 2020. The data suggest that the participation rate in adult education of those aged 25-64 was only 3.7% in 2020, following the longer-term declining trend (5.1% in 2016, 4.4% in 2017, 4.1% in 2018 and 4.1% in 2019).

Around half of all participants in adult literacy and vocational programmes are Roma. These programmes, initially called 'The Second Chance' were established cooperatively by the National Employment Service (NES) and the Ministry of Education with the goal to provide the functional elementary education for adults within a three-year cycle. The total enrolment in the adult literacy and vocational education programmes included 1,049 unemployed persons, of whom 661 women according to data from the Report on Realization of the NES Performance Agreement of 2020.

Overall, the education system's performance is satisfactory. In 2018, the World Bank Human Capital Index (HCI) put the Serbian human capital potential at 27th place out of 157 economies, significantly higher than the average for its region and income group. However, in 2020 Serbia's rank dropped to the still quite satisfactory 42nd place. According to the HCI, a child born in 2020 in Serbia will reach 68% of his or her full potential at the age of 18, down from 76% in 2018. It is highly unlikely that this significant drop reflects real developments in education within two year; rather, it underlines the limitations of such international indexes, especially in early phases of their development. On the other hand, results of PISA survey based on OECD methodology typically place Serbia well below the EU Member State average, with scores similar or somewhat higher compared to its South Eastern European peers, such as Western Balkan economies, Romania and Bulgaria. In 2018, Serbia was ranked 45th out of 79 participant economies. Its scores in reading (439), mathematics (448) and science (440) were well below the OECD averages of 487, 489 and 489, respectively.

The government expenditure on education is low, with average estimates around 3.5% of the GDP. Serbia spends the least on secondary education on a per student basis and as a percentage of GDP compared to EU and OECD countries, despite having similarly high enrolment rates and a very large shares of students enrolled in vocational programmes, which are often more expensive on a per student basis (OECD, 2018).

There are significant systemic inequalities in education outcomes across population groups depending on income, location and ethnicity. There have been improvements in access to education, and Serbia has undertaken major institutional reforms in recent years, including the introduction of achievement standards at the end of compulsory education, teacher standards, school evaluation framework as well as the legislative introduction of dual education (2019) and adoption of National Qualifications Framework (2018). However, progress has been uneven across population groups depending on income, location, and ethnicity. Pisa tests indicate that large proportion of students in Serbia leave school without mastering the basic competencies needed for further education and life (OECD, 2020).

2.1.2 Gender equality

While parliamentary elections and the lengthy period before the forming of the Government contributed to a delay of planned legislative activities, the COVID-19 pandemic aggravated existing challenges in the domain of gender equality. The adoption of a new law on gender equality has been seriously delayed. There was no progress in clarifying the division of responsibilities between the sector for antidiscrimination policy and improvement of gender equality within the Ministry of Labour, Employment, Veterans and Social Affairs and the coordination body for gender equality (EC, 2020). On the other hand, the economic and labour market position of women remained disadvantaged, and Labour Force Survey results, especially from Q4 2020 suggest that women, especially young women on average fared worse than men. Outside of the labour market, the risk of domestic violence increased under the COVID-19 state of emergency due to the imposition of curfews, the potential underreporting of cases or difficulties with removing perpetrators from their homes.

The Serbian Constitution prohibits gender discrimination. Gender equality and development of equal opportunities policies are among the seventeen principles enshrined in the Serbian Constitution. Article 21(3) of Serbian Constitution contains the general anti-discrimination clause, prohibiting any direct or indirect discrimination on any grounds, including gender. Article 15 of the Constitution guarantees gender equality and states: 'The State shall guarantee the equality of women and men and develop equal opportunities policy'. Article 62 of the Constitution also guarantees the equality of spouses, and stipulates that 'Conclusion, duration or dissolution of marriage shall be based on the equality of man and woman'. Serbia is signatory to the UN Convention Concerning Equal Remuneration of Men and Women for Work of Equal Value, the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), and the UN Convention on the Political Rights of Women.

Principles of gender equality have been operationalised in all national laws, by-laws and strategies and the gender equality institutional infrastructure is well developed. The Gender Equality Coordination Body operates within the Serbian Government and is headed by the Deputy Prime Minister. It was established to guide the work of public administrative authorities and other institutions with a view to promoting the status of women and men in Serbia. The 2016–2020 Gender Equality Strategy has recognised slow progress of earlier measures aimed at boosting women's employment, entrepreneurship, and economic empowerment, as well as those aiming to improve the status of groups facing discrimination on multiple grounds. The Domestic Violence Act entered into force in 2017 and the "National Action Plan for the Implementation of UN Security Council Resolution on Women, Peace and Security in the Republic of Serbia until 2020" was adopted. The obligation to introduce gender-responsive budgeting (GRB) was introduced for the first time in late 2016 and is to be fulfilled by authorities at all levels by 2020 at the latest. According to a recent assessment (UN Women, 2019), in 2018 35 institutions at national and 18 at provincial level applied GRB in their budgets for 2019 through 76 programmes and 141 gender sensitive budget objectives. In the Budget of Serbia for 2020, 66 institutions at the national and provincial level defined gender-responsive budget programmes and objectives in response to the diverse needs of certain groups in society. In 2020 UN Women with the support of the German Development Cooperation (GIZ), launched an e-learning platform for gender-responsive budgeting at the local level, as a tool to improve gender equality. This e-platform, called "People-Centred Budget" is intended to provide basic knowledge and skills in the GRB area to all interested citizens, as well as expert professionals who directly use GRB in their work at local level.

The Anti-Discrimination and Gender Equality Promotion Unit was set up within the MLEVS in May 2017. After the establishment of the new government in October 2020, gender equality issues are within the remit of the newly established Ministry for Human and Minority Rights and Societal Dialogue. The National Assembly of Serbia has a standing Committee on Human and Minority Rights and Gender Equality. Local self-governments have also established their gender equality mechanisms. Gender equality is also within the remit of two independent regulatory authorities, the Protector of Citizens (Ombudsman) and the Equality Protection Commissioner (Human Rights Report, 2017). A new gender equality law, drafted for five years, was passed by the Parliament in April 2021, replacing the earlier Law on the Equality of Sexes from 2009. **Aggregate labour force indicators, most notably employment and activity rates, are significantly better for men than for women.** Women in Serbia have a significantly lower employment rate than men. According to the Labour Force Survey (LFS), in 2020, the gender employment gap in Serbia was higher than the EU-27 average (14.0 compared to 11.1 percentage points). In the past half-decade, this gap remained at or slightly above 14 points. The high employment gap is mainly due to the low activity of women in the labour market. This is, among other factors, a consequence of the lower statutory retirement age for women (that is being gradually phased out every year since 2014 but it still does not bring relative improvements in female activity rates) as well as due to poor incentives for part-time work, affecting work-life balance which is typically more important for women. Part-time work makes up almost one third of women's employment in the EU-27 on average, while in Serbia this share was only 13.2% in 2019.

The principle of equal pay for equal work or work of equal value has been operationalised in national legislation. In Article 104 the Labour Law stipulates that employees are guaranteed equal earnings for the same work or work of equal value performed with an employer. The work of the same value is defined as work requiring the same professional qualification level, the same work abilities, responsibility and physical and intellectual effort. Also, anti-discrimination legislation protects the principle of equal pay. Thus, Article 16 of the Law on the Prohibition of Discrimination prohibits discrimination in the sphere of employment, and violation of the principle of equal opportunity in gaining employment or equal conditions for enjoying all rights pertaining to the sphere of employment, including equal pay for work of equal value. More explicitly, the Gender Equality Act in Article 17 guarantees the right to equal remuneration for the same work or work of equal value with the same employer, in accordance with the Labour Law, for all employees regardless of their sex (Krstic, 2018).

The most recent available data and research on unadjusted wage gap show that the unadjusted gap is increasing and is hovering slightly below 10%, at 9.6%, which is still better than the EU average. Recently published data from the Structure of Earnings Survey (SES) conducted by SORS in 2018 report the overall gender pay gap of 8.8%. Somewhat counterintuitively, the gap is similar for both public and private firms and increases with the size of the firm. It seems that the gender pay gap is gradually widening. Avlijaš et al (2013) used hourly wages from 2011 LFS and estimated the unadjusted and adjusted wage gap in Serbia at 4.0% and 8.5%, respectively. Similarly, Žarković-Rakić and Vladisavljević (2016) used hourly wages from the 2013 SILC, and estimated an unadjusted wage gap of 4.5%, and the adjusted at 13.8%. Overall, estimates of adjusted gap are much higher, reflecting better educational attainment of employed women.

The World Economic Forum ranked Serbia 19th on the list of 156 economies in its 2021 Global Gender Gap Report, a jump from 39th place out of 153 economies in 2020. This represents a

continuation of a steady improving trend. After a jump from 48th place in 2016 to 40th in 2017, Serbia stabilised its position around the 40th place between 2018 and 2020. The latest jump is mostly due to the improvement in Political Empowerment sub-index.

The Gender Equality Index for Serbia indicates improvement of gender equality in the period 2016–2018, given that the index value in this period increased by 3.4 points, to 55.8 points. Although the value of the Gender Equality Index remained significantly below the EU average of 67.4 in 2018, some convergence with the EU in terms of gender equality was realized, largely as the result of an increase in the index value in the domain of power, but also a moderate or slight increase in the index values in the domains of labour, money, knowledge and health. Serbia was the first economy of the region for which the national gender equality index was calculated in 2016, following the methodology developed by the European Institute of Gender Equality (Suta et al., 2021), this remains the most recent publication of the index calculation.

Implementation of constitutionally and legally enshrined equality of men and women in the workplace faces many practical obstacles. There are many difficulties in relation to the application of the principle of equal pay for equal work and work of equal value, as well as in relation to access to work, vocational training, employment, working conditions, etc. Some of these difficulties stem from the deeply rooted gender stereotypes on traditional roles for women and men, and others from the retention of these stereotypes within the legislation. Many women are routinely asked about their family plans in job interviews, and many of them on non-permanent employment contracts are faced with limited access to work and with termination of their contract after returning from parental leave. Also, the law does not promote the participation of fathers in parental leave.

The Ombudsman submitted an initiative to amend the decree on emergency measures in order to allow free movement of victims of domestic violence. During the state of emergency, children and parents of children with autism were allowed to move freely during the curfew, as well as maintaining personal relations between the child and the parent with whom the child does not live, regardless of whether the visitation model was regulated by a final court decision or by agreement between ex-spouses. Also, it was possible for persons caring for the elderly, immobile and persons with disabilities to move during the curfew, as well as for victims of violence to move during the curfew to protect themselves from violence.

The government adopted the Strategy for Preventing and Combating Gender-Based Violence against Women and Domestic Violence 2021-2025. The process of adopting the Action Plan 2021-2023 for the implementation of the Strategy is underway. The Ministry of Labour, Employment, Veteran and Social Affairs in all of its legislative, strategic and normative acts advocates for the fight against any form of violence, including sexual harassment. The first report on Serbia's implementation of the Istanbul Convention by the Council of Europe's Group of Experts on Action against Violence against Women and Domestic Violence stressed the need for a more comprehensive response to all violence against women covered by the Convention, not only domestic violence, including rape, stalking, sexual harassment and forced marriage. The very few support services for these cases of violence are predominantly run by NGOs who typically operate on a limited budget. (EC, 2020).

While official bodies do not report an increase in violence against women after the start of COVID-19 pandemic, organisations providing services to women in situations of violence paint a bleaker picture. According to the Report of the National Helpline in the first 6 months of 2021, the National SOS Hotline for Women who have experienced violence received 1,600 calls, of which 352 with the

topic of violence (22% of the total number of calls). On the other hand, the Vranje hotline managed by the Vranje Human Rights Committee registered 690 calls in the first nine months of the year. The number of calls during the state of emergency typically increased at night, when the women complained that they had nowhere to go because of the lockdown (BCHR, 2020). The number of calls registered by the Autonomous Women's Centre hotline tripled during the first month of the state of emergency; the Centre registered the provision of 430 services to women seeking help and advice.

The high-profile sexual harassment case ended in a prison sentence for the former municipal head in Brus. After a year-long trial, Milutin Jeličić aka Jutka was convicted in 2020 to three months' imprisonment for sexually harassing his employee Marija Lukić who filed a criminal report against her superior after years of sexual harassment (BCHR, 2020). The issue of sexual harassment from the position of power and influence is gaining in public prominence and several more high-profile cases are at various stages of investigation.

The National Hotline for women who have experienced violence receives a large number of calls outside the target group. This is an indicator of the need to develop telephone services for other target groups, primarily for people with mental disabilities, the elderly and lonely people. The overall context of the pandemic, in terms of health care and social distancing, but also the opening of the topic of sexual violence in the media where public figures appear as perpetrators, were the trigger for re-traumatization, but it also empowered callers to talk about their experiences. There was also a greater sensitivity of partners and relatives to conversations on this topic within the family, as well as a willingness to help report sexual violence.

2.1.3 Equal opportunities

The field of non-discrimination was marked by new challenges in 2020 related to the impact of the pandemic on equal opportunities of citizens and by efforts, largely yet unfinished, to achieve further strategic and legal improvements, especially when it comes to same-sex partnerships. The adoption of amendments to the law on anti-discrimination to further align with the EU acquis is seriously delayed. The anti-discrimination strategy expired in January 2018 and has not yet been renewed (EC, 2020). According to the Equality Commissioner's annual 2020 report, the largest number of complaints relate to discrimination on grounds of disability, age and gender. The mandate of the Equality Commissioner expired in May 2020; a new-old Commissioner was elected only in October 2020, the gap causing unnecessary uncertainty and delays in operation of the institution. The 2016 amendments to the criminal code related to prohibition and punishment of criminal racial acts and other acts of discrimination have yet to be fully aligned with the EU acquis. Four new judgments on hate crime were adopted, bringing to five the total number of final convictions since the introduction of this concept in the Criminal Code in 2012 (EC, 2020). The Law on Amendments to the Law on Prohibition of Discrimination was not adopted during 2020, although this activity was envisaged in both the Action Plan for Chapters 23 and 24, and the Government Action Plan.

Prohibition of discrimination is constitutionally guaranteed (Article 21). Gender equality and development of the equal opportunities policies are among the seventeen principles enshrined in the Serbian Constitution. The prohibition of discrimination extends to the right to equal legal protection and is addressed at direct or indirect discrimination based on any grounds, particularly on race,

sex, national origin, social origin, birth, religion, political or other opinion, property status, culture, language, age, mental or physical disability. The Constitution envisages special measures which may be introduced to achieve full equality of individuals or groups of individuals in a substantially unequal position compared to other citizens, and such measures are not to be deemed discrimination. Persons belonging to national minorities are constitutionally guaranteed individual and collective rights in addition to their general citizen rights.

The Commissioner for the Protection of Equality (CPE) is an independent, autonomous authority for prevention of all forms and types of discrimination. This institution was introduced in 2010. The Commissioner for the Protection of Equality is authorised by law to carry out the procedure based on complaints in cases of discrimination against persons or groups of persons connected by the same personal characteristic. The Commissioner receives and considers complaints of discrimination, issues opinions and recommendations in concrete discrimination cases, and stipulates measures defined by the Law on Prohibition of Discrimination. All proceedings before the Commissioner are free of charge and tax free.

Discrimination on the grounds of health was the leading cause of discrimination complaints in 2020. As a direct consequence of the COVID-19 epidemic, for the first time since the institution of the Commissioner has been established, the health status was noted in the complaints as the most frequent basis for allegations in over 15% of the total number of submitted complaints. As in previous years, such a ground was often stated in combination with some another personal characteristic, most often disability, age, etc. Most complaints based on health status were filed in the area of employment and work procedures. Issues that stand out are related to the assignment of employees with certain health difficulties to appropriate jobs, work from home, isolation due to potential infection, insufficient number of employees and workload of employees, etc.

Discrimination on the grounds of national affiliation or ethnic origin most often occurs with regard to the Roma population. During 2020, a total of 114 complaints were filed due to discrimination on the grounds of national affiliation or ethnic origin, which is an increase compared to the last four years. By far the largest number of complaints were filed on the grounds of belonging to the Roma national minority (94), which is expected given the fact that members of the Roma national minority belong to the most vulnerable category of citizens (CPE, 2020).

The European Commission and UN bodies continue to call for faster progress in social inclusion of Roma. In its Serbia 2020 Enlargement Package Report, the European Commission (2020) noted that the institutional structure dealing with Roma integration remains ineffective and complicated, without a clear distribution of tasks. Coordination between the national and local authorities, as well as Roma-sensitive budgeting, still need to be strengthened. There is a serious delay in establishing the legal basis for local Roma coordinators and pedagogical assistants. Roma are heavily underrepresented in public administration.

The Ministry of Labour, Employment, Veteran and Social Affairs is involved in implementation the Action plan for the application of the Strategy for Social Inclusion of Roma in the Republic of Serbia for the period from 2016 to 2025, and its implementation is monitored by the Coordination Body for Monitoring of the Strategy, established in March 2017, which includes representatives of the Roma community. In addition to coordinating the work of state public administration bodies in the field of social inclusion of Roma, the scope of work of the Coordination Body also includes improving interdepartmental cooperation, considering and making recommendations for resolving urgent

situations which may result in additional vulnerability of Roma men and women, and additional measures/activities that contribute to greater involvement of this national minority, as well as to the process of European integration.

Discrimination on the grounds of age was on the increase in 2020. State of emergency measures against COVID-19 restricting free movement especially affected citizens over 65. Compared to 2019, the number of complaints filed to the Commissioner on this ground has significantly increased (115 compared to 72 complaints in 2019) due to the COVID-19 pandemic and the consequences it had on the population of different age categories. The largest number of complaints were filed due to discrimination against persons over the age of 65, whose movement was severely restricted during the State of Emergency, followed by complaints of persons between 18 and 65, and finally complaints filed against discrimination of children. Several complaints were filed due to insufficient or limited services intended for children. The lack of a personal companion service was most often pointed out as an important support service for children with disabilities in the area of exercising the right to preschool or school education and attending online classes. The position of young people was also difficult. Research indicates that the challenges young people face include problems related to employment and protection of labour rights, job security and financial security, but also the quality of education and the negative impact of the pandemic on schooling, the problem of violence and of the abuse of new technologies (CPE 2020).

Gender-based discrimination, mostly reported by women, remains stable in recent years and is mainly related to the issues of employment. In 2020, 107 complaints were submitted to the Commissioner on the grounds of gender. As in earlier years, most complaints relate to the area of labour and employment, mainly due to discrimination against women. Discrimination against women is most common in relation to childbirth, motherhood and childcare. Complaints by women mostly address cases in which their gender and family status prevented them from progress at work, or, after they returned from the maternity leave or after being absent from work due to childcare, they were fired or re-assigned to other workplaces that were, as a rule, of a lower rank and with a smaller salary.

Persons with disability face discrimination frequently, mostly due to limited access to their constitutional and legal rights. During 2020, a smaller number of complaints were submitted to the Commissioner (89) as compared to 2019 (118). The work of civil society organisations advocating the rights of persons with disabilities was also difficult due to the COVID-19 crisis. The significant achievement in this field is the adoption of the new Strategy for the Advancement of Persons with Disabilities in the Republic of Serbia for the period from 2020 to 2024 as well as the accompanying Action Plan for the implementation of the Strategy.

Discrimination related to sexual orientation is coupled with high levels of stigmatisation. LGBTI people continue to face hate speech, threats and violence, which is often not reported. This situation is also confirmed by the Commissioner's practice. During 2020, a total of seven complaints were filed on the grounds of sexual orientation as a basis for discrimination and four complaints on the grounds of gender identity as a personal characteristic which was a significant decrease in complaints on these grounds. In previous years such complaints were mostly submitted to the Commissioner by civil society organisations. Due to the COVID-19 epidemic, CSOs worked in difficult conditions and rarely addressed the Commissioner, which caused the drop in filed complaints.

In 2020, there was significant progress in preparing the Law on same-sex partnerships that currently appears to have stalled. Work on regulation of same-sex partnerships was going on behind the scenes for several years however the issue remains highly sensitive because of the divided opinions within the public. In April 2020, LABRIS published its Model Act on Civil Partnership. In November 2020, the Minister for Human and Minority Rights and Social Dialogue Gordana Čomić announced that a law on same-sex partnerships would be brought before parliament in the first half of 2021. The draft law was presented for public consultation in February 2021 and was ready for the parliamentary debate by May 2021. However, president Vučić announced that he will not sign the law because of its unconstitutionality and further progress remains uncertain.

Freedom of movement of asylum seekers and migrants in asylum and reception centres was severely restricted during the State of Emergency. The Serbian Government on 16 March 2020 adopted the Decision on the Temporary Restriction of Movement of Asylum Seekers and Irregular Migrants Accommodated in Asylum and Reception Centres in the Republic of Serbia. The migrants and asylum seekers were allowed to leave the Asylum and Reception Centres only in exceptional situations. Later the Constitutional Court decided that the temporary restriction of movement of asylum seekers was not unconstitutional. The BCHR filed an application with the European Court of Human Rights, complaining that the prohibition of movement imposed against migrants and asylum seekers for over 50 days was comparable with the degree of restrictions of liberty during house arrest or home imprisonment. BHCR argued that the restrictions were discriminatory because they unjustifiably distinguished between migrants and asylum seekers and other categories of the population in Serbia (BHCR, 2020).

2.1.4 Active support to employment

In 2020, Serbia reacted to an enormous challenge to its economy and labour market posed by the COVID-19 pandemic with a massive job retention programme supported by a generous income maintenance programme. Overall, Serbia adopted the most generous and comprehensive economic package among the Western Balkan economies, providing near universal support to both firms and citizens. As of 30 June 2020, the Government had committed cash support to enterprises and individuals in the amount of 11 per cent of the GDP. Around EUR 950 million were allocated to employment retention subsidies for March, April and May 2020. The Government also spent EUR 620 million on one-off assistance to all adult citizens, EUR 58 million on one-off assistance to 1.7 million pensioners, and an undisclosed amount on deferrals of tax payments and non-tax claims (ILO, 2020). By the end of 2020, the total amount of support got close to 13% of GDP. Serbia managed to preserve most jobs and incomes of its population. Despite the heavy fiscal burden, judging by the economic and labour market outcomes it seems that it was the price worth paying.

Labour market indicators did not deteriorate in general in 2020, however some sectors and population groups fared worse than others. The hardest hit sectors—due to the very nature of the pandemic – were high-contact sectors, such as hospitality, tourism, passenger transport, personal services (e.g. hair and beauty salons, fitness centres and the like) and non-food retail products. While formal employment increased slightly during 2020, the number of informal workers fell sharply, by more than 30 000. According to age categories, the largest reduction in employment was recorded among younger workers aged up to 34, and, according to education level, among lower educated

workers. Employment among members of the youth aged under 24 fell by 7,400, of whom 4,000 women, compared to 2019. .

The Employment Strategy in the Republic of Serbia (ES) 2021–2026, adopted in February 2021, provides a long-term framework for employment policy. It should be operationalised by the adoption and implementation of three-yearly Action Plans (APs), and the Action Plan for the period 2021-2023 is now being implemented. An overarching vision of the Strategy is “Developed labour market that provides access to employment under equal conditions for all”, while the desired change is defined as “an inclusive labour market characterized by full and productive employment”. The general objective of the Strategy is “Established stable and sustainable employment growth based on knowledge and decent work”, while three specific objectives comprise (1) Growth of quality employment through cross-sectoral measures aimed at improving labour supply and demand for labour, (2) Improved position of unemployed persons on the labour market and (3) Improved institutional framework for employment policy. The Strategy 2021–2026 aims at establishing stable and sustainable increase of employment and is based on a multisectoral approach and cooperation between active labour market, education, economy, social protection, youth policies and institutional structures in the area. However, it remains embedded within the MLEVSP which in practice might limit its outreach and multisectorality. Nevertheless, the Employment Strategy envisages the setting up a Working Group for monitoring the implementation of the Strategy and Action Plan, as a mechanism for coordination, monitoring and reporting on the implementation of the Strategy and Action Plan. The WG members are representatives of ministries and institutions, social partners, civil society and the donor community. The composition, as well as the tasks of the Working Group members prescribed by the Decision on its establishment, ensure that the multisectoral approach, on which the Strategy is based, is present during its implementation.

The results of past National Employment Strategy (NES) 2011–2020 are mixed. Its overarching goal—increasing the employment rate of working age population 15-64 to around 61.4%—has been achieved almost entirely, as well as accompanying activity and unemployment indicators. However, the quality of employment improved only modestly between 2011 and 2020. Furthermore, one of the key quantitative goals envisaged by the NES, to increase expenditures on active labour market programmes to 0.4% by 2015 (and to 0.5% by 2020), has either been achieved nor has it progressed significantly. That’s why it is difficult to point at the causal line between the actions envisaged by NES 2011–2020 and its satisfactory end results (Aleksić et al. 2021).

Due to underfunding, the coverage of unemployed by the ALMP measures is very limited. For years, active labour market policy measures have been heavily underfunded. Their coverage is consequently very modest – out of some 583 000 registered unemployed on average in 2018, around 25 000 have been included in substantial active labour market measures: training, employment and self-employment subsidies and public works. This is still an improvement over 2017, when out of 650 000 unemployed, less than 20 000 were included in active labour market measures. However, most PES services are also classified as active measures under national classification of active job search measures. For example, in 2018 some 120 000 unemployed were covered with these services, the bulk of which relates to one-day services such as training for job search and employment fairs. However useful they be, these measures should be reclassified as services in accordance with the Eurostat classification of labour market policy measures and . the effect of participation in them on job prospects of the unemployed should not be measured together with the effects of measures for which significant financial resources are allocated to the employer and/or the unemployed person involved in the measure.

Effective response to high youth unemployment is hindered by serious structural problems in policy design and implementation. The percentage of youth neither in employment, nor in education and training (NEET) in Serbia in 2020 it was 16% of the total youth population, which denotes an increase of 0.7 percentage points from 2019. It falls significantly short of the 9% target, which the European Pillar of Social Rights Action Plan (2021) is aiming for until 2030. The youth inactivity rate remains very high at 71.7% in 2020 and it is higher by 1.3% compared to 2019.

In response to the worsening of the position of youth, the Government initiated the programme “My First Salary”. The Decree on the Youth Employment Incentive Programme was adopted in August 2020, for providing funds in the amount of RSD 2 billion (EUR 17 million) in 2020. This programme creates additional opportunities for training, gaining first work experience and increasing opportunities for a more competitive participation of young people in the labour market and their employment. The compensation amounts to RSD 24 000 (approximately EUR 200) for unemployed university graduates and RSD 20 000 (approximately EUR 170) for unemployed secondary school graduates. The projected coverage was 10,000 persons. During 2020, the Programme included 8,224 persons.

At the broader level of policy design, several key issues have been identified which hinder effective policy responses to the challenge of youth unemployment. They include the fragmentation of policy interventions, with few synergies across the various government agencies and actors; the scant attention paid to addressing the needs of young people who face multiple barriers to labour market entry; the narrow scope of youth employment interventions, which often focus either on labour demand or labour supply measures; the lack of coordination among the institutions entrusted with providing social inclusion services; and limited monitoring and evaluation, which does not permit the implementation of evidence-based policies or the precise targeting of public services on those most in need of assistance.

Ex-post analysis of the National Employment Strategy 2011-2020 assessed positively growth in the number of registered unemployed Roma men and women in the period 2011-2019 as well as their involvement in active labour market policy measures. The share of Roma involved in the total number of persons involved in all active labour market policy measures increased from 2% in 2011 to 5% in 2019. As a particularly good result, the increased involvement of Roma in the so-called “financial measures” is pointed out. This significantly improved the targeting of Roma, compared to the beginning of the period, when Roma accounted for only about 2% of all persons involved in financial measures, while their participation in 2019 was about 8%. Also, the share of employed Roma in the total number of employed persons from the NES records increased during the observed period.

A general recommendation for ALMP in Serbia is that they should be more oriented towards highly vulnerable groups, since they are at the brink of labour market exclusion. These groups are naturally more exposed to long-term unemployment as well, which is especially the case for persons with disabilities, older workers (especially those who lost their jobs because of privatisation and restructuring), Roma, refugees and internally displaced persons, persons without education, and rural dwellers in underdeveloped regions. Targeting deeply vulnerable individuals within the broadly defined groups needs to be significantly improved and sharpened. The problem is that vulnerable groups are grouped into a single category, so that about 80% of the unemployed are part of a single vulnerable group. The point is that broad demographic groups (in terms of vulnerability, such as women, youth and the elderly, are grouped together with highly vulnerable and relatively

smaller groups, such as Roma, PWDs, cash social assistance beneficiaries, etc. This makes it difficult to classify and prioritize vulnerable groups, although the NES clearly applies additional criteria, including the identification of multiple vulnerable individuals. Existing programmes could be adjusted in terms of procedures, size and targeting and new ones could be introduced to respond to changes in the overall labour market situation and changes in the absolute and relative position of vulnerable groups. This should include development of new programmes exclusively or dominantly targeting the most disadvantaged groups and/or groups whose relative position has worsened the most.

2.2 Chapter II: Fair working conditions

2.2.1 Secure and adaptable employment

The COVID-19 pandemic coupled with the parliamentary elections and delays in forming the Government, caused a notable slowdown in adopting new pieces of labour legislation. No progress was achieved in preparing a new Labour Law, even though the National Programme for the Adoption of the Acquis had determined Q2 of 2020 as the deadline for adopting this law on behalf of the Serbian Government. Legislative activities regarding Labour Law, Law on Strike, Law on Employment and Professional Rehabilitation of Persons with Disabilities, Law on Socio-Economic Council—all have been delayed for 2022, in view of upcoming presidential and parliamentary elections to be held in the first half of 2022. Only one public policy document was adopted in 2020 i.e., the Action Plan for Chapter 19—Social Policy and Employment.

A controversial proposal to extend the Law on simplified work engagement of seasonal workers was circulated by National Alliance for Local Economic Development (NALED), an influential business-friendly think tank. The Law, adopted in 2018, was originally limited to seasonal workers in agriculture such as fruit pickers, as one of the pillars of the Programme for Countering the Shadow Economy. NALED proposed to extend its coverage to the sector of construction, potentially tourism and elsewhere where there is a pronounced practice of employing unregistered workers on short-term and seasonal tasks. This has caused an outcry of trade unions and labour experts and activists, who rightly claimed that the proposal is a slippery slope which might end up in a massive reduction of labour rights (e.g. Reljanovic, 2021).

Amendments to the Labour Law in 2014 have enhanced flexibility for employers to adapt swiftly to changes in the economic environment. Some of the relaxed regulations in force to date are as follows. The employer can terminate the employment contract within a period of six months upon becoming aware of the facts constituting the grounds for termination (before it was three months), and within a period of one year following the occurrence of the facts constituting the grounds for termination (previously it was six months). New regulations mandate all employers with more than 10 employees to adopt the Rulebook regulating job organisation and job descriptions, while before the amendments this obligation existed for all employers with more than 5 employees. The reasons for termination of an employment contract are systematised in a new way and are provided with specific examples of violation of duty and violations of labour discipline. Certain categories of employees, most notably trade union and employee representatives, were previously protected from termination. Now the employer can cancel their employment contract, except due to their activities as employee representatives. Instead of 90 days, a new deadline to initiate a case before court by employees against a ruling that they violated the right is 60 days from the date of delivery.

Employment and job security for workers depends on the type of employment contract. The Labour Law stipulates two types of employment contracts—open-ended (permanent) contracts and fixed-term contracts. In addition to these two forms of employment, the Law stipulates four types of contracts between an employer and a worker that could be entered without concluding

an employment contract. These are the following: service contract, temporary work contract, apprenticeship contract and outside work contract. All these non-employment contracts are used in practice in far broader range of situations than stipulated by law. Employee rights are significantly reduced in the latter type of work contracts. Furthermore, the transition to open-ended employment contracts from non-employment contracts is not facilitated by the law and in practice occurs quite rarely.

Minor newer revisions have been introduced to enhance the protection of workers and the new Labour Law is expected by the end of 2022. In the meantime, there have been several minor revisions of Labour Law. In 2017, employers were obliged to abide by the shortened deadline for submitting social security registration forms on behalf of their new employees. In addition, they were obliged to keep daily records on overtime work under the threat of penalty.

The National Assembly passed the Law on Agency Employment in December 2019. It aims at preventing employment relationships that lead to precarious working conditions within atypical contracts, while at the same time preserving employer flexibility and adaptability to changing business circumstances. The law establishes a three-way legal relationship between an employee, a temporary employment agency (the “Agency”) and a beneficiary employer. The Agency can be established in different legal forms of companies, as well as in entrepreneurial form and it must obtain the permit for assigning the employees issued by the Ministry. The contractual relations arising from the employee assignment are determined by two agreements: employment agreement concluded between the Agency and the employee, and agreement on employee assignment concluded between the Agency and the beneficiary employer. An employee may conclude an employment agreement with the Agency for indefinite or definite term. The Agency may assign an employee who concluded an employment agreement for a definite period of time to work with the beneficiary employer for a maximum period of 24 months, in accordance with the corresponding provisions of the Labour Law.

Despite some controversies, the adoption of the Law on Agency Employment can be considered to be an improvement since so far leased workers could be engaged through contracts on temporary and occasional jobs which did not allow workers to exercise their right to sick leave and vacation, among others. The Law on Agency Employment stipulates that a leased worker should be provided with the same working conditions as the employer’s comparable employees (who perform the same or similar type of job), that is, the same working hours, overtime and night work, the same right to leave of absence and the same way in which their salary is calculated. The concept of comparable employee is a novelty which may cause numerous issues in practice, especially in the cases when there is no such employee within the beneficiary employer. The implementation of the Law started in March 2020, unfortunately in parallel with the outbreak of the COVID-19, and agency workers were among the hardest hit by the downward adjustment in employment in firms relying on their services. Furthermore, according to trade union sources, in response to the extension of rights of agency workers and the worsening of business prospects due to the pandemic, some employers reverted to using student and youth cooperatives as the source of temporary labour, while others opted for engaging temporary workers without any contract.

Regulation of seasonal work was introduced in 2018, but its full implementation started in 2019. The Law on Seasonal Work was adopted in June 2018. The Law defines the jobs in which seasonal workers can be employed in the sectors of agriculture, forestry and fisheries. An employer may hire seasonal workers for up to 180 days within a calendar year, whereby the workers have the right to pension and disability insurance, as well as health insurance in case of workplace injury and work-

related diseases, for the duration of their employment. Wages are calculated and paid per work hour in the amount not lower than the prescribed minimum wage. The new Law prescribes that a worker is not removed from the unemployment register while working in a seasonal job, nor is the payment of the unemployment benefit stopped.

The employment of foreign citizens is growing, but remains relatively marginal. Foreigners are slowly appearing in the labour market in Serbia. According to the National Employment Service, a total of 13 802 work permits were issued to foreigners in 2019. This is 53% more than in 2018 when 8 990 work permits were issued to foreigners. Most licenses were issued to nationals of China (3 149), the Russian Federation (2 813), Turkey (772), Ukraine (697), North Macedonia (501), Italy (448) and Romania (443). There are no estimates on how many foreign workers work informally.

Forced migrants remain largely outside the Serbian labour market. Since the great migrant crisis in 2015, about 1.5 million migrants have travelled through Serbia en route to Western Europe. Due to difficult EU entry, some migrants remained blocked in Serbia for months. In the first nine months of 2019, 12 937 persons expressed their intention to apply for asylum in Serbia, i.e., they were registered during the asylum procedure. That is an over 50% increase relative to 2018. Under the Law on Asylum and Temporary Protection (LATP), all foreigners who have been granted asylum and asylum seekers are guaranteed the possibility to work in Serbia. Almost a negligible portion of work permits were granted to asylum seekers, although employers in occupations where there is a shortage of labour are showing interest in employing asylum seekers. Asylum seekers are entitled to a personal work permit issued by the National Employment Service (NES). In the course of 2019, as of 30 October, NES issued 129 personal work permits to asylum seekers. In the same period of 2018, 77 such personal work permits were issued. The interest of forced migrants remains poor since they as a rule do not intend to stay in Serbia, and the jobs offered are almost invariably poorly paid and unattractive (Belgrade Center for Human Rights, 2019).

2.2.2 Wages

Wage growth continued in 2020 despite the COVID-19 pandemic, helped by the growth of wages in the public sector, especially in the health sector, as well as by the increase of the minimum wage by 11.1% as of January 2020. The Government actively supports wage growth. The motivational goal of the average wage of EUR 900 by the end of 2025 was set as part of the Programme Serbia 2025 launched at the end of 2019.

Two factors have significantly contributed to the growth of real wages since 2016—a continuous increase in the minimum wage and, from 2018, an increase in wages in the public sector. First, one of the measures of fiscal consolidation was freezing the minimum wage in 2012–2016, except for 2015. Since 2017, the Government has supported the growth of the minimum wage, which has cumulatively increased by about 43% in the four-year period until 2020. In 2021 it was raised by 6.6%, reaching the level of 184 dinars (EUR 1.56) per hour net, as it is standardly expressed, translating into RSD 32 372 (EUR 275) per month. Considering the estimates that between 300 000 and 400 000 workers receive the minimum wage in Serbia, the minimum wage level exerts a strong effect on median and average wages. Secondly, due to its size (some 600 000 workers), the wage increase in the public sector has even stronger effects. The impact of public sector wage growth on total wage growth was particularly evident in 2019 when public sector wages increased between 8% and 15% during November, depending on the industry. This increase has further deepened the wage premium

enjoyed by public sector over private sector, which is among the largest in Europe. Wages in the health sector strongly increased again in 2020, driven by the need to support health workers during the COVID-19 pandemic.

The Constitution guarantees the right of workers to fair remuneration for their work (Article 60). The Labour Law prescribes that an appropriate wage shall be fixed in keeping with the law, a collective agreement or an employment contract and that workers shall be guaranteed equal wages for the same work or work of the same value, adding that the employment contracts violating this principle shall be deemed null and void. The Act defines work of the same value as work requiring the same qualifications, abilities, responsibility and physical and intellectual work.

The Labour Act stipulates that the Social-Economic Council (SEC), a tripartite institution described under the section “Social dialogue and involvement of workers”, annually issues a decision setting the minimum wage for the following calendar year.

The SEC sets the minimum hourly wage, taking into account the following criteria: the existential and social needs of workers and their families expressed in the value of the minimum consumer basket, the employment rate and unemployment rate trend, the GDP growth rate, the consumer price trends, national productivity and average wage rates. The Serbian Government sets the minimum wage in the event the SEC fails to reach an agreement, which has almost invariably been the case in recent years. In September 2021, the decision was made by the government on the minimum cost of labour for 2022 (Official Gazette 87/10.9.2021).

From 2016, real wages in Serbia have been growing—first moderately, and then at a slightly faster pace from 2018 onwards. During that period, the growth of gross wages compared to the same period last year amounted to 6.0% in nominal terms and 3.9% in real terms. At the same time, net wages increased by 6.5% in nominal terms and by 4.4% in real terms. The somewhat faster growth of net wages is a consequence of the abolition of unemployment contributions at the expense of the employer. Continuity of wage growth followed and accelerated during 2019 when the average gross wage increased by 10.5% in nominal terms and 8.4% in real terms, which is more than twice the growth of the previous year.

Table 1 - Average monthly wages (gross), 2010-2019

Unit	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EUR	460	517	508	537	524	506	516	544	580	643	732
Purchasing power parity	1 042	1 095	1 143	1 134	1 138	1 128	1 121	1 126	1 155	1 282	n.a.
Dinars	47 450	52 733	57 430	60 708	61 426	61 145	63 474	65 976	68 629	75 814	86 050
nominal growth (%)	7.5	11.1	8.9	5.7	1.2	-0.5	3.8	3.9	6.0	10.5	9.5
real growth (%)	0.7	0.1	1.0	-1.9	-1.7	-2.4	2.6	0.9	3.9	8.4	7.8

Source: 2010-2019SEE Jobs Gateway, based on SORS statistics (RAD survey until 2017 and CROCSI data combined with RAD survey from 2018). For 2020 – SORS statistics.

In 2019, Serbia still had wages about average for the Western Balkans, measured in dollars of equal purchasing power (PPP), which take into account differences in living standards between economies.

Wage growth was strong in 2019 and 2020. In 2019, annual increase of gross wages amounted to 10.5% in nominal terms and 8.4% in real terms. The driving force behind the rise of wages at the end of 2019 was the increase of public sector wages, by 8% to 15%, implemented in November 2019. This led to a further widening of public sector wage premium, which is among the highest in Europe (Vladisavljević, 2019). In 2020, wage growth continued almost at the same speed, with nominal increase in gross average wage of 9.5% and real growth of 7.8%. Again, it was the increase in public sector wages and the increase in the minimum wage that helped sustain the wage growth. However, significant role was also played by the generous stimulus and relief package, which preserved jobs and sustained the demand in the economy.

The 2014 amendments to the Labour Law reduced some monetary rights of employees. Under current regulation, the seniority premium for the years of service is paid only for the time spent working at the current employer or its legal predecessor¹ (and not for the full years of service as earlier), minimum 0.4% (reduced from 0.5%) of the base per one year of service. The mandatory wage premiums are abolished for shift work, and shift premium negotiations are left to collective bargaining. The compensation for annual leave takes a longer period in the calculation, so instead of the last 3 months, the average for the calculation are the last 12 months. The maximum annual number of paid days for the leave of absence for personal reasons has been reduced from 7 to 5 days. The employee may be temporarily transferred to another job without internal procedure for a maximum of 45 working days over a period of 12 months.

Since 2016, the Government has supported the rise in minimum wage. The minimum wage dynamics was for a decade or so broadly stable and kept up with the growth of the average wage, at the level of around 40-45% of average wage. In 2014 and 2015, to support its fiscal consolidation efforts, the government unilaterally kept nominal minimum wage unchanged. Following the success in fiscal consolidation, the minimum wage was allowed to grow in real terms and in 2018 it stood at 143 dinars (EUR 1.21) net per hour. In 2019, it was set at 155.3 dinars (EUR 1.31).

The share of low wage earners in Serbia (earning less than two thirds of median wage) according to the Structure of Earnings Survey (SES) in 2018 was 17.86%, down from 23% in 2014, most likely due to the increase of the minimum wage relative to the median and average wage. This is close to the EU average. However, given the very high effective tax wedge at low wage levels in Serbia, its relative position in the ranking would be even worse if take-home wages were compared. Furthermore, if those informally employed, self-employed and employed in firms with less than 10 employees were included in the calculation, the share of low wage workers would be even higher.

In-work poverty was steadily decreasing and reached the EU-28 average of 9.2% in 2019 (according to the SILC, standing at 9.2% in 2019, down from 10.0% in 2018, 10.8% in 2017, 12.6% in 2016, 13% in 2015 and 15.1% in 2014. In 2019, for persons aged 18 and over, it was higher among employed males (9.9%) than females (8.3%) which is an improvement in comparison with 2018 for males

1 Article 108, paragraph 2 of the Labour Law stipulates that the employee is entitled to an increased salary in the amount determined by a general act or employment contract based on time spent at work for each full year of employment with the preceding employer under Article 147 of the Law (status changes and changes in the employer), as well as in the case of persons related to the employer in accordance with the law.

(11.3%) but a stagnation for females (8.3%). Self-employed persons, including agricultural workers, are significantly more exposed to poverty, with a rate of 25.9%, in comparison with employees (6.5%).

2.2.3 Employment conditions and protection in case of dismissals

The Labour Law stipulates that individual employment contracts should be concluded before the worker starts to work in a new job. The contract should contain information about the worker's rights, in the first place those rights and duties that are arranged in more precise manner by the contract itself than by the law.

The employer is obliged to inform the employee, in writing, about the prohibition of abuse, and the rights, obligations and responsibilities of the employee and the employer in connection with the prohibition of ill-treatment. The Law on the Prevention of Abuse at Work (2010) and the Law on the Protection of Whistle-blowers (2014) were adopted to improve the position of workers and provide additional protection. According to the Labour Law a worker is entitled to complain against a violation or denial of his employment rights to the labour inspection, launch proceedings before the competent court or require the arbitration of the disputed issues together with the employer. The Agency for Peaceful Resolution of Disputes introduced the free telephone line "SOS Mobbing" in order to better inform both employees and employers about the provisions of the Law on the Prevention of Abuse (mobbing) at Work. There are no precise statistics on the number of mobbing lawsuits in Serbia (the latest is from 2016 and records 209 applications), but civil society organisations dealing with this issue point out that almost 90 percent of such disputes are resolved out-of-court, within the peaceful dispute resolution process.

Serbian law also contains significant uncertainties regarding the preservation of the employment relationship in cases of transfer of undertaking. Kovačević and Kovacs (2019) argue that while the Labour Law states the obligation of the transferee to take on all rights and obligations arising from the employment relationships on the date of the change of employer, the transfer of the employment contracts depends on the declaration of each employee by a given deadline. The consequences of omitting the declaration are unclear. No specific prohibition of transfer-related dismissal exists, although it is regarded as implied in the rules on a change of employer. The content and details of such a prohibition of dismissal are vague and unsettled. Kovačević and Kovacs argue for change in Labour Law to make the rules clearer and more reliable, in order to enable the employees to continue to work for the transferee under the same working conditions and be protected from dismissal exclusively or predominantly motivated by the transfer of undertakings.

In 2019, Serbia had a high-profile case of whistleblowing. Aleksandar Obradovic, an employee of the government-owned Krusik weapons factories, spent three months in detention because he leaked the documents related to an alleged corruption in arms trade, involving the father of the Interior Minister. The case is still open. NALED, the largest and most influential public-private association and think-tank in Serbia, recommended in February 2020 that the Ministry of Justice amend the Law on the Protection of Whistle-blowers, which would also allow legal entities, especially non-governmental organisations operating in the fields of human rights and anti-corruption, to become whistle-blowers.

Mediation as an informal way is one of the options of out-of-court dispute resolution that the employee needs to be informed about. Any individual dispute between an employer and an employee can be resolved by the Republic Agency for the Peaceful Resolution of Labour Disputes. The parties voluntarily approach the mediation services of the Agency, however once the decision is made it becomes legally binding. The parties to the procedure for obtaining a decision do not have the right to conduct the court proceedings on the same basis, but they are entitled to a lawsuit for annulment in accordance with the applicable regulations. The provisions of the Law on Peaceful Resolution of Labour Disputes apply to individual and collective labour disputes. The Law was amended in 2018, significantly broadening the scope of work of the Agency, which was approvingly commented by experts in the field. In 2020, the Republic Agency for the Peaceful Resolution of Labour Disputes acted in 681 labour disputes, of which a total of 14 proceedings were conducted in cases where the subject of the dispute was the termination of the employment contract. This is a drop compared with 2019. Between January and October 2019, 2 194 proceedings were processed before the Agency, 32 of which were collective and the rest were individual. Of 2 123 individual disputes, 2 098 were related to material disputes (such as over payment of travel expenses, salaries, jubilee awards, etc.), six were dismissal, 15 were mobbing. The collective disputes were related to implementation and conclusion of a collective agreement, exercise of the right to determine the representativeness of trade unions, and to the right to strike.

Unlike the principle of voluntariness in the peaceful resolution of labour disputes, **in the case of abuse at work peaceful resolution of disputes is a compulsory step towards judicial protection.** An employee who suffers abuse at work is obliged to request protection from the employer in the prescribed deadlines, and in case of unsuccessful procedure, he/she can initiate litigation. However, if a person responsible in a legal entity or an employer with a natural person's property is charged with abuse, an employee who considers that she/he is exposed to abuse can also initiate proceedings before the competent court without request for initiating mediation proceedings or contact the Republic Agency for the Peaceful Resolution of Labour Disputes. The biggest drawback of this regulation is that the disregard of the employer for the Law (i.e. does not respond to the request, improperly executes the request, etc.) again leads only to the often prohibitively long court procedure without any special relief: the burden of proof is on the employee.

When it comes to court cases regarding the potential breach of employee's right to information, apparently the courts more frequently side with employees. In 2011, the Supreme Court of Cassation found that it is illegal for the employer to, after informing the employees of the schedule of working hours and publishing it in written form, alter it in the course of the work process (without the occurrence of an emergency situation, or the circumstances in which urgent action should be taken) by a verbal notice only². In 2013 Appellate Court in Belgrade delivered the judgement that if the employer does not explicitly inform the employees about the time and the manner of using the rest during the daily work, so that the employee spends the time provided for rest by working, the employer is considered to have violated the law and that there is a basis for compensating the employees³. In 2012 the Appellate Court in Belgrade delivered the judgment that, since the employer is authorised to determine the schedule of the use of annual leave, if it does not make the decision and thus makes it impossible for the employee to exercise his/her right to annual vacation, the employer should pay the damages to the affected employees.

² Judgment of the Supreme Court of Cassation of 19.10.2011

³ Judgment of the Appellate Court in Belgrade from 23.01.2013

2.2.4 Social dialogue and involvement of workers

Social dialogue remains weak, especially regarding the involvement of social partners in relevant policies. At the sessions of Socio-Economic Council (SEC), epidemic crisis management measures were not considered, nor were trade union representatives consulted in any other manner on these measures prior to their adoption. Social partners once again failed to reach a consensus at the SEC session on minimum wage for the 2021, thus the Government unilaterally took the decision and increased the monthly net minimum wage by 6.6 percent, from RSD 30 022 to RSD 32 126. Thank to initiatives of its current Chair, SEC held several standard and extended sessions, discussing for example new National Employment Strategy and gender issues, attempting to outreach toward wider public.

Collective agreements continue to be dominant in the public sector. In 2020 only one new separate collective agreement was concluded in the public sector, and due to the consequences of the COVID-19 epidemic, ten separate collective agreements were amended. 20 additional collective agreements were in force in the public sector. In 2020, several strikes were held as a result of poor working conditions during the epidemic, such as the Jura plant strike in Rača (under South Korean ownership), when the trade union representative was arrested (Sekulović, 2020).

Article 55 of the Constitution guarantees the freedom of association in trade unions. Trade unions may be established by registration with the competent government authority pursuant to the law and do not require prior approval.

Industrial relations and collective bargaining in Serbia are primarily regulated by the Labour Law and the Law on the SEC (2004). The Labour Law, adopted in 2005 and thoroughly revised in 2014, contains articles regulating the actors and procedures of collective bargaining. The Law on SEC, adopted in 2004, focuses on tripartite concertation, especially at the national level.

National tripartite policy concertation takes place within the SEC. The SEC is defined by the law as an independent legal entity established to enhance the development of social dialogue. It consists of 18 members, six of which are representatives of the Government, six of trade unions and six of employers. The SEC has a relatively broad agenda and remit, but in practice the concertation is reduced to minimum wage determination and discussion of various socio-economic issues, such as changes in legislation relevant for working conditions and living standards of workers and pensioners. The relations between social partners are more often conflictual than cooperative, and overall, the Government is not deeply interested to pursue consensus. The social partners are additionally burdened with the unresolved issues of representativeness and full legitimacy of their constituent members, and the work of SEC has frequently been stalled in the past few years. There have been some project-based efforts to enhance local level social dialogue, but functional social-economic councils at the local level are few and far between.

The government has always been able to influence the key outcomes of the social dialogue and collective bargaining, especially at the national and sectoral levels – but often also taking the role of a powerful mediator even at the company level. As a lasting feature, collective bargaining has been characterised by asymmetry in legitimacy and bargaining power of the three key representatives of organised interests – government, trade unions and employers.

Sectoral-level bargaining is dominant in the public sector, while company-level bargaining is dominant in the private sector (there is no comprehensive data on the rate of collective bargaining in public and private sector). Judging by the collective agreements signed, the main trends regarding collective bargaining are differentiated—in public sector, there is a tendency for sectoral negotiations, while in private sector, decentralised, company-level bargaining is more common, especially since 2014 changes making it more difficult to legally extend collective bargaining. General and special collective agreements are implemented directly and are binding for all employers who at the time of concluding the collective agreement have been members of association of employers – party to the collective agreement.

An amendment to the Labour Law in 2014 made the conditions for the extension of sectoral collective agreements to non-signatories much more restrictive. This has further undermined the development of sectoral bargaining outside of public sector, where the government is able to negotiate directly with sectoral trade unions. While around 2013 there were three extended agreements in private sector (chemical and non-metal industry, construction and construction material industry, and metal industry), in 2015, as well as in 2019, there was only one, not overly important - for musical performers. Sectoral collective agreements remain very rare in the private sector. There are other reasons for this unfortunate trend, including the weakness and low membership numbers of sectoral federations within the only representative employers' association and the influence of the Foreign Investors Council which advocates company level negotiations and advises its members not to cooperate with the Employers' Association.

Other forms of worker participation are underdeveloped both in legislation and in practice. The Labour Law envisages the possibility to form a Council of Employees for employers with over 50 employees. Still, there is no sufficiently operationalised legal framework for institutionalising informing, consulting and co-deciding of workers in a company, that is, for worker participation. By the same token, consultation and worker participation in decision-making is limited to economic and social rights of employees, which does not explicitly include the issues related to business operation of the company, organisation of work, introduction of new technologies and the like, since these issues cannot be specifically determined as economic and social rights of employees. This solution deters from the comparative practice in the EU, which envisages much wider powers for worker representative bodies in managing the company, which is aimed at preventing aggressive corporate management and securing the balance between labour and capital.

2.2.5 Work-life balance

The COVID-19 pandemic revealed and apparently increased gender gaps in household responsibilities. Women reported the increased time spent on household activities and care for their family. Since the outbreak of the pandemic women spent most of their household time cleaning, cooking, followed by shopping, instructing and caring for children. For men, cleaning was the most frequent activity, followed by shopping, household management and pat caring. This confirms clear differences in household responsibilities that were reaffirmed by the changed living conditions and everyday practices in families and households (Secons, 2020).

Pandemic brought difficulties in accessing basic services and wellbeing of citizens. In research for UNFPA, Secons (2020) found that citizens faced serious difficulties related to school closure family member illness, death of family members or movement within the economy or from abroad.

Most frequently indicated difficulties in accessing basic services were medical supplies, followed by public transport, food, health services, hygiene and sanitary product, and less access to social protection and water supplies.

The pandemic had a pronounced impact on people's standard of living. Respondents reported the decrease of salaries from employment, incomes from agriculture, business, property, investment or savings, but also decrease of remittances. Consistently in higher proportion than men, women indicated decrease of incomes from productive activities. On the other hand, respondents indicated the increase in government support and support by civil society organizations.

Article 66 of the Constitution guarantees special protection to the family and the child, mothers, and single parents, while the Labour Law guarantees the right to suitable leave and flexible working arrangements. It guarantees support and protection to mothers before and after childbirth and special protection to children without parental care and children with physical or intellectual disabilities. The Labour Law regulates that pregnant women and women with children under the age of three may not work overtime or at night. Exceptionally, a woman with a child over the age of two may work at night but only if she specifically requests this in writing. Single parents with a child under seven or a severely disabled child may work overtime or at night only if they submit a written request to this effect. If the condition of a child requires special care or if it suffers from a severe disability, one of the parents has the right to additional leave. One of the parents may choose between leave and working only half-time, for 5 years maximum. Under the Labour Law, one parent may take leave from work until the child's third birthday and her/his labour rights and duties will remain dormant during this period.

Rules regarding maternity and parental leaves are relatively generous in comparative perspective. The Law on Financial Support for Families with Children (adopted in late 2017 and implemented from July 2018) kept the old rules regarding the duration of leaves, but somewhat changed the rules regarding the wage compensation amounts. Standard duration of maternity leave is three months, at least four weeks before and two months after the birth. Wage compensation is set at 100% of average wage for the past 18 months, with the ceiling of three times the average wage in the economy. Parental leave has differentiated rules. For the first and second child the duration is nine months following the maternity leave. For the third child it is set at two years, calculated from the birth of a child. Reimbursement is the same, at 100% of average wage for the past 18 months, with the ceiling of three times the average wage in the economy.

The use of paternal leave is minimal. The law envisages no incentives if spouses agree to share parental leave. The use of parental leave by fathers (except as single parents) is excessively rare. In 2019, the total of 328 fathers used the parental leave. According to a survey conducted by the Ministry in charge of demographic issues, the use of parental leave by fathers is somewhat more common in financial institutions, while it is much rarer in local self-governments.

New eligibility rules on maternity and parental leaves are more inclusive, with coverage extended to atypical forms of employment. The eligibility for paid maternity leave was extended to mothers on service and temporary contracts as well as to insured farmers. However, since the rules regarding the amount of compensation have been somewhat tightened (in an effort to contain abuses and to contain high costs of this categorical, non-contributory programme), it has caused an outcry among some influential civil society and rights groups (see for example Human Rights Report, 2018). Both legal actions and media campaign to repel the provisions on benefit ceiling of three average salaries

as well as proportional reduction in the amount of benefit for mothers with less than 18 months of recorded work experience lasted throughout 2019, but have not yet resulted in the change of the Law.

The current tax-benefit system supporting work-life balance appears to be quite unbalanced. The support to employed parents is reduced to rights related to maternity leave and leave to care for a child, which are comparatively generous, whereas tax credits, an important and common instrument for improving living standards of employed parents, and one which aims to support children during their childhood, is completely lacking. Unfortunately, bearing in mind the current system of work-related taxes with minimal tax rates and outsized contributions, the introduction of tax credits for employees with children would hardly make a significant difference.

2.2.6 Healthy, safe and well-adapted work environment and data protection

The area of occupational health and safety was critically affected by the COVID-19 pandemic. While the need for the intervention of Labour Inspectorate in securing safe environment greatly increased, inspection activities were hampered for the same security reasons.

During the state of emergency and in its aftermath, several bylaws were adopted prescribing Occupational Safety and Health (OSH) standards and obligations of both employers and employees in the context of the COVID-19 epidemic. The most significant is the Decree on the Organisation of Operations of Employers during the State of Emergency. The Decree prescribes, inter alia, that for employees and hired contractors in direct contact with customers or who share a workspace with a number of individuals, the employer is obliged to provide a sufficient amount of protective gear. The Rulebook on Preventative Measures for Safe and Healthy Work When Exposed to Biological Hazards was amended and now recognises "Coronavirus 2 associated with severe acute respiratory syndrome (SARS-CoV-2)" as a biological hazard (Sekulovic, 2020).

Labour Inspectorate continued its operation in 2020 despite difficulties. From January to December 2020, labour inspectors performed a total of 62 475 inspections and 10 599 visits to registered and unregistered entities (30 897 in the field of labour regulations, 31 243 in the field of safety and health at work, and 335 inspections of unregistered entities). The total number is 20% less than from January to December 2019, when 77 806 inspections were performed. Labour inspections found 5 951 people working illegally, which is 54% less than in the same period in 2019, when 12 938 people were found working illegally. After the actions taken by the labour inspectors, the employers established employment relations with 4 072 persons, i.e. with 68% of the total number of persons found to work without a proper contract. Inspectors issued 5 390 decisions to eliminate identified irregularities. They also issued 540 decisions on work bans at the workplace, which is 36% less than in the period January-December 2019, when 846 decisions on work bans were made. Inspectors submitted 3 773 requests for initiating misdemeanour proceedings (2 605 in the field of labour regulation and 1 168 in the field of safety and health at work), which is 45% less than in the same period in 2019, when 6 807 requests were submitted. They concluded 11 agreements on the recognition of violations in the field of labour regulations and OHS and filed 40 criminal charges against responsible persons, 25% more than in 2019. Inspectors performed 891 inspections on reported injuries at work, of which 31 on fatal, 12 on serious with fatal outcome, 15 on collective injuries at work within which 4 more fatal injuries at work occurred, 798 on severe and 35 inspections due to minor injuries at work. They identified 335 unregistered entities, which is 51%

less than in 2019 when 690 were identified. Out of the total number of determined unregistered entities, immediately after the measures taken by labour inspectors, 204 or 61% were entered in the appropriate register, while in 2019 427 or 62% were entered in the appropriate register (Labour Inspectorate, 2020).

Article 60 of the Constitution guarantees everyone the right to OSH and the right to protection at work. Special protection at work is guaranteed to women, youth and persons with disabilities. Serbia has ratified three ILO Conventions that are most relevant in respect of OSH: Convention No. 187 on a Promotional Framework for Occupational Safety and Health, Convention No. 167 on Safety and Health in Construction and No. 184 on the Safety and Health in Agriculture Convention.

Serbia's system of employment injury protection is a combination of social insurance with elements of direct employer liability (ILO, 2013). Employers are formally responsible for financing employment injury protection. However, it has not been effectively enforced in practice.

OSH is under the primary responsibility of the Ministry of Labour, Employment, Veterans and Social Affairs. The Ministry includes two administrative bodies active in the subject field: (1) the OSH Directorate that, among other things, prepares legislation and bylaws, and (2) the Labour Inspectorate which is in charge of supervision over its enforcement.

The Labour Inspectorate has a central role in coordinating prevention of accidents at work and occupational diseases as well as in investigating relevant circumstances once employment injuries occur. The Law on Safety and Health at Work (Article 65) mandates immediate supervision by the labour inspector when the employer reports a fatal, severe or collective injury at work. Although several institutions were previously involved in collecting data on employment injuries, the Labour Inspectorate has been the only relevant source of data on work accidents for the past ten years. However, statistics on non-fatal accidents at work are incomplete and suffer from severe under-reporting.

Fatal accidents at work, which are fully covered by statistics, currently show non-standardised incidence rates about the same or slightly above the EU averages. Fatal accidents are defined as per Eurostat as those that lead to the death of the victim within one year from accident taking place. Since 2018, Annual reports of the Labour Inspectorate do not explicitly state the number of fatal accidents, however 47 fatal injuries can be deduced from the 2020 report, down from 54 in 2019 and 53 in 2018. However, this number is still elevated compared to previous years, reflecting rising construction activities and unresolved underlying occupational safety problems in the sector, since fatal accidents in construction sector traditionally make up significant majority of all fatalities.

The Government of Serbia declared 2019 to be the year of health and safety at work. Although a new Law on Health and Safety was planned to be adopted in 2019, it is still in its drafting phase and is expected to pass in 2021. One of the novelties will be the adoption of electronic record of injuries.

The Constitution guarantees the right to personal data protection in Article 42. The new Personal Data Protection Act (PDPA), adopted in November 2018, entered into force in August 2019. The Act follows the provisions of the General Data Protection Regulation (GDPR), which entered into force in May 2018, and the European Union Directive on the protection of natural persons.

Serbia signed the Council of Europe Protocol amending the Convention for the protection of individuals with regard to the processing of personal data in November 2019 and ratified it in May 2020. The Protocol aims to reinforce international cooperation and independence of personal data protection authorities (BCHR, 2020).

The COVID-19 pandemic and state of emergency brought numerous challenges to Personal Data Protection Act (PDPA). The Commissioner for Information of Public Importance and Personal Data Protection warned government authorities, the media and the public at large that both data controllers and processors were under the duty to act in accordance with the PDPA in emergencies. The greatest threat to the personal data on health was the deficiency of the COVID-19 information system, centralised software for collecting, analysing and storing data of all individuals monitored to control and suppress the pandemic in Serbia, including COVID-19 patients. An NGO in the field, the SHARE Foundation discovered that anyone was able to access the data on the population's health in the 9-17 April period. The SHARE Foundation immediately alerted the authorities, and this serious data protection breach was soon eliminated (BCHR, 2020).

The installation of smart video surveillance cameras in Belgrade caused growing concerns in 2020. Under the PDPA, its provisions shall apply also to personal data controllers and processors not headquartered or residing in Serbia that process the personal data of individuals habitually or temporarily residing in Serbia. The SHARE Foundation filed misdemeanour reports against Google and Facebook with the Commissioner because they had failed to appoint their representatives for personal data protection issues in Serbia.

The Rulebook on Recording in Public Places and Announcement of the Intention to Record was adopted in late August 2020. Under the Rulebook, the public should be informed of recording performed in public places by display of permanent or temporary signage at the venues, publication of the information on the Ministry of Internal Affairs' website and via the media and other public information means (BCHR, 2020).

2.3 Chapter III: Social protection and inclusion

2.3.1 Childcare and support to children

A new strategy on child protection and preventing violence against children was adopted in May 2020. A new national action plan for the rights of the child has yet to be adopted, the previous plan having expired in 2015. The adoption of amendments to the Law on juvenile offenders and protection of minors in criminal proceedings, has been seriously delayed. Strategy for Prevention and Protection of Children from Violence 2020 -2023, together with the Action Plan for 2020 and 2021, was adopted in June 2020. As of October 2020, new Ministry of Family Care and Demography was established, which performs state public administration tasks related to the system of family law protection, marriage, population policy, family and children, improvement and development of demographic policy, birth rate policy, quality of life, reproductive health and internal migration, preparation of national documents, and preparation and implementation of campaigns related to demographic policy, as well as other tasks determined by law.

In 2020, European Commission expressed concerns over several issues related to child welfare and protection. Although a relatively small number of children are placed in institutional care, violations of children rights that happen in large-scale institutions for children with disabilities remain a concern. Ensuring sustainable funding for preventive family support services, including appropriate family-based alternatives when separation of a child from its family is in the child's best interest, need to remain the priority. Regarding access to justice for children, prevention programmes and programmes for reintegrating juvenile offenders into the community are still only available in large cities. Mechanisms for protecting child victims/witnesses in justice proceedings need to be made operational and mainstreamed across Serbia (EC, 2020).

Children are, in terms of exposure to poverty, by far the most vulnerable age group in Serbia. Children in Serbia are more likely to be found at the bottom of the income distribution by their income level. According to the SILC statistics, in 2019 at-risk of poverty rate for children was 28.9% (28.6 for males and 29.3 for females), compared to 23.2% for the general population, (22.3% for adults 18-64 and 21.1% for 65+). The children at-risk-of-poverty rate was about the same as in 2018 when it stood at 28.8% (males 30.1%, females 27.5%), against the general at-risk-of-poverty rate of 24.3%. The poverty levels are especially high in case of multi-member families with more than three children.

Lower income status of a child is highly correlated with lower probability of participation in early childhood education. According to MICS 2019, a significant progress was achieved between 2014 and 2019 in that regard, but the correlation is still strong. Attendance rates in early childhood education (36-59 months) in the overall population in Serbia have increased from 50% in 2014 to 61% in 2019. The rate of attendance of children living in rural areas significantly increased from 27% in 2014 to 46% in 2019 (UNICEF, 2020).

Child labour in Serbia remains marginal but is far from non-existent. According to MICS 2019, in Serbia as a whole, 16 percent of children aged 5–11 years, 4 percent of children aged 12–14 years and 1 percent of children aged 15-17 years were engaged in economic activities for the number of

hours that would classify their work as child labour. Children from non-urban areas, primarily from the poorest and the second wealth quintile, are most likely to be involved in economic activities, while more children work in the region of Šumadija and Western Serbia than in other regions. Fewer than 1 percent of children aged 5–14 years participate in household chores for the number of hours that would define this work as child labour. Overall, 10 percent of children aged 5–17 years are involved in child labour. Additionally, 3 percent of children aged 5–17 years work under hazardous conditions. These children make up 10 percent of children who do not go to school, 7 percent of children from the poorest households, 6 percent of children aged 15–17 years and 5 percent of children from non-urban areas (UNICEF, 2020).

Only 18% of the poorest children aged 3–5 are on track in the literacy-numeracy dimension of early child development index (ECDI), compared to 45% children living in the wealthiest households.

The ECDI index is calculated as the percentage of children that are developmentally on track in at least three out of four domains: literacy-numeracy, physical, social-emotional and learning. (UNICEF, 2020). According to MICS 2019, throughout Serbia 97 percent of children aged 3–4 years are developmentally on track. A much lower proportion of children are on track (35 percent) in the literacy-numeracy domain. Among children whose mothers have primary education or no education, 14 percent are on track in the literacy-numeracy domain, compared to 39 percent of children whose mothers have higher education. In the poorest households, 18 percent of children are on-track in the literacy-numeracy domain, compared to 45 percent of children living in the richest households.

Early child development in Roma settlements is far less favourable than for the general population.

In Roma settlements, 89 percent of children aged 3–4 years are developmentally on track. Far fewer are on track in the literacy-numeracy domain (13 percent). Among children whose mothers have no education, 7 percent are on track in the literacy-numeracy domain, compared to 16 percent of children whose mothers have secondary or higher education. In the poorest Roma households, 8 percent of children are on-track in the literacy-numeracy domain, compared to 21 percent of children living in the richest households.

Children from households from Roma settlements face clear well-being and health-related disadvantages.

In 2019, 24% of children aged 0–5 months were exclusively breastfed, compared to 13% in 2014. However, in Roma settlements, this percentage was only 8%. Rates of child marriage in the population of girls and young women from Roma settlements remain exceptionally high. More than half (56%) of women aged 20–24 years were married before age 18 and 16% married before age 15. Some 45% of children aged 1–14 years of age experience violent disciplining at home, and the percentage in Roma settlements is even higher (67%). The prevalence of child malnourishment (moderate and severe) in Serbia as a whole is relatively low: the prevalence of underweight is 1 percent, while 5 percent of children aged under five are stunted (too short for their age), and 3 percent are wasted (too thin for their height). About 11 percent of children are overweight. The nutritional status among children aged under five living in Roma settlements reveals a much less favourable situation—7 percent of children are underweight and 17 percent are stunted.

Children from households living in poverty do not have equal opportunities for education and cognitive development.

Children living in the poorest households have less books available at home compared to their peers. According to MICS 2019, only 48% of children living in the poorest quintile have 3 or more books at home, compared to 90% of children from the wealthiest quintile. Only one in 5 of the poorest households has a computer or tablet at home, compared to 97% of households from the richest quintile.

The family benefit system is austere and unjust. Even though Serbia experiences strong processes of demographic ageing and a shrinking population with low fertility rates, the programmes of child allowance and monetary social assistance, the two key non-contributory programmes targeted toward low-income families with children, have restrictive and sometimes discriminatory eligibility criteria, low coverage as well as austere benefit amounts insufficient to lift many recipient families with children above the poverty line. The coverage is further eroded by complex administrative procedures discouraging full take-up. Examples of discriminatory eligibility criteria for family benefits are the existence of very low threshold set for means test in rural areas, as well as denial of financial social assistance, child allowance or birth grant for the fifth and any further child, allegedly for health reasons, to promote ‘responsible parenting’, allegedly following the recommendation of World Health Organisation (Arandarenko, 2018). Specifically, MICS data on outcomes among children from Roma settlements suggest that part of the most vulnerable children remained outside of the system of support. In general, an important policy implication based on all observed domains is that additional support measures (not exclusively financial) for children from the most destitute households are required.

The 2018 Law on Financial Support for Families with Children introduced conditionality related to access to child benefits.

The right to child benefits may be exercised only in the event the children “live, go to school and regularly attend class in the territory of the Republic of Serbia,” which is in contradiction with the very purpose of child benefits and may have particularly negatively effects on the Roma in Serbia, many of whom have more than four children (Human Rights Report, 2017).

2.3.2 Social protection

Access to social protection and social insurance rights related to employment status is quite discriminatory against the significant number of workers and their families outside of formal paid employment.

Historically, the social security system during the time of communist rule aimed to facilitate two related transfers – from the private sector to the state socialist sector, and from agriculture and villages to manufacturing and towns. Therefore, the communist version of a Bismarckian social insurance system in Serbia supported social-sector wage employment over other forms of employment, particularly self-employment. Towards the end of the communist rule and after the start of the transition to a market economy, this social protection system was reformed, but the inclusion of self-employed and farmers was carried out only half-heartedly. At the same time, the discriminatory (or non-inclusionary) rules were reinforced against workers on flexible employment contracts, which represent a growing share among the employees in the formal labour market.

A related problem is that the social insurance contribution rates are set very high (as of 2020 the total rate is 37.05% of the gross wage, down from 37.8% in 2019).

Informality, being a dominantly rural phenomenon, affecting disproportionately lower educated, young and older workers, is in most cases a result of forced exclusion, rather than of voluntary exit (Arandarenko, 2016). The costs of formalisation for informal workers and employers thus often tend to be prohibitively high. The tax wedge (the share of personal income tax and social security contributions in total labour cost facing a formal employer) at the level of minimum wage is around 36% which is significantly more than in the majority of EU Member States (Arandarenko and Aleksic, 2019).

Another problematic feature is the existence of mandatory minimum social security base which is set by law at 35% of the average wage.

It serves as the base for calculating pension and health

contributions for farmers and some other categories of the self-employed, but at the same time it is mandatory for anyone holding a formal employment contract. In practice, it penalises low-wage part-time work and crowds out such workers into full informality (Koettl, 2013).

The extent of informality and non-participation in the labour market among the younger and prime working age population remains high. Data from the Pension Fund of Serbia showed that as few as 55% of the population in the 35–39 age group, the prime working age group, are actually making contributions (World Bank, 2015). Compared to the employment rate of around 80% for that age group, this implies that almost one third of employed prime-age workers do not participate in social protection schemes. Although by 2020 the registered employment increased by some 10%, this would again imply that some 25% of prime-age workers are outside the pension scheme. According to the World Bank, less than 80% of older persons collect benefits. The persistence of the informal labour market suggests that in the near future as persons begin to reach retirement age, a significant percentage may find themselves unable to work but ineligible for a pension, which will create a gap to be covered through social assistance (World Bank, 2015).

The current pension system is inter-generationally unjust, which might be the reason for the lack of interest of younger generations to join it. The structure of the pension system around 2015 implied that 20-year-olds entering the labour market would see benefits falling drastically by the time they retire (according to a World Bank analysis, to as little as 7% of their wages). Even with 2019 changes to the so-called Swiss indexation formula (growth of pensions following half the wage growth, half the Consumer Price Index/CPI growth), the pension-to wage-ratio for the 20-year-olds would not exceed 30% once they get to the retirement age. This does not offer much incentive to join the pension system.

Atypical work contracts are almost equally burdened by labour taxes for employers but offer a less attractive package for workers. Atypical formal work contracts (service contracts, temporary contracts, etc.), often the only choice available to labour market entrants, imply a tax wedge that is approximately the same as for open-ended employment contracts, but without many additional costs for employers and benefits for workers stemming from the application of Labour Law (such as paid vacations, severance payments).

Many young people are stuck for prolonged periods of time in youth and student cooperatives as hybrid forms between formal and informal work with minimum social protection. All student jobs and many jobs for non-students are of a hybrid character—while there is a written contract, for those in education, only minimal disability and health insurance is provided. Thus, according to the official SORS definition, these jobs could be classified as formal, while according to Krstić's (2012) definition, such jobs are informal and cover some 1.5% of total employment. As advertised on the website of one such cooperative, it is 'the cheapest legal way to employ workforce'. Indeed, not only is such work cheapest with the tax wedge of 23% and practically no legal obligations for employers, since the cooperative (fictitiously established by students!) is the formal employer, but also this is the only way to legally go around the rule of minimum social security contribution base, since it does not apply to temporary work done via student cooperatives. These advantages that are not extended to other intermediaries, nor are fully available in case of direct hire of student workforce, make the market position of these cooperatives quite powerful.

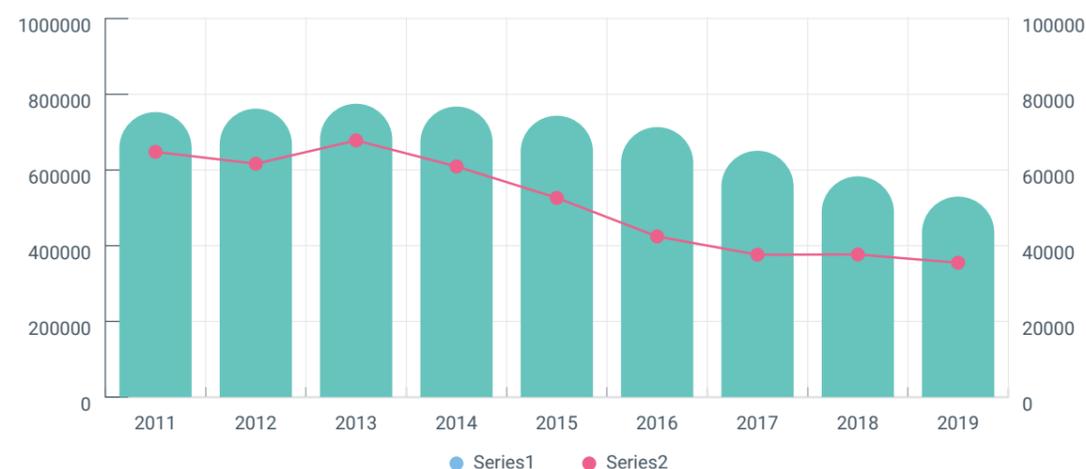
2.3.3 Unemployment benefits

In Article 69 the Constitution guarantees the right of employees to temporary unemployment benefit in accordance with the laws regulating social protection and insurance and stipulates that social insurance funds shall be established in accordance with the law. The Constitution and related laws establish the unemployment insurance system and define the rights of employees participating in the scheme, but there is no separate unemployment assistance support extended to jobseekers without contribution records. Until 2019, the combined contribution rates were 1.5% of the gross wage. Since 2019, the employer contribution rate has been abolished and the unemployment insurance contribution rate is now 0.75%, paid entirely from the gross wage. Eligibility for the benefit requires at least 12 consecutive months of coverage or 12 months in the last 18 months. The duration of the benefit mainly depends on the length of the coverage period: the benefit is paid for up to three months with one to five years of coverage; up to six months with six to 15 years; up to nine months with 16 to 25 years; up to 12 months with more than 25 years; or up to 24 months if the insured will be of pensionable age within the next two years. The replacement rate is 50% of the insured's average earnings in the last six months, with minimum and maximum amounts defined within a relatively narrow range. All beneficiaries of the unemployment benefit are entitled to pension, disability and health insurance. National Employment Service registers all employers and jobseekers and administers the programme.

Several recent changes reduced the already low replacement rates of unemployment benefits and the minimum amount of benefit. In 2015 the basis for calculation became the average wage of an employee in the previous 12 months, rather than in the previous 6 months. The second, and much larger, change occurred in 2018, when, as a result of applying the new calculation methodology, the average amount of compensation as well as the minimum and maximum benefit amounts (previously fixed at 80% and 160% of minimum wage, respectively) were reduced. Following the example of the pension system, the methodological innovation referred to the introduction of a daily base (similar to a general point) and a personal coefficient as the basic instruments for determining the amount of compensation. The value of the daily base (gross) of 1 000 dinars (EUR 8.5) was legally determined in 2018 and its indexation with the consumer price index was envisaged for the future—ensuring further erosion of the replacement ratio and anti-poverty protective function of unemployment benefits (Aleksić et al, 2021).

In recent years, the absolute number of recipients of unemployment benefits declined significantly, as well as their share in the total number of unemployed. According to the data from the National Employment Service, in 2019, each month 35 480 people (46.8 % females) on average exercised the right to unemployment benefits, which is 5.8% lower than the previous year, when it was 37 666. In 2020, despite the COVID-19 crisis, the average number of beneficiaries further dropped to 32,377. These numbers indicate an uninterrupted continuation of a declining trend since 2013 when it was 67 874. In 2019 unemployment benefit recipients constituted 6.4% of registered unemployed, compared to 6.7% in 2019 and 6.5% in 2018. According to this indicator, Serbia is one of the economies with the smallest coverage of this system, when it comes to the international context. Some 80% of all recipients of unemployment benefit get the minimum amount stipulated by law, which was around 70% of the minimum wage in 2019 in net terms.

Graph 1 - Number of unemployed in the NES records (left) and number of unemployment benefit beneficiaries (right)



Source: Monthly statistical bulletin NES No. 209, January 2020.

There is a strong declining trend in total government expenditures on unemployment benefits.

Positive trends in the labor market and the tightening of conditions that led to a decrease in the number of unemployment benefit beneficiaries, but also a reduction in the replacement rate, influenced the long-term declining trend of the total expenditures on unemployment and related benefits. These expenditures were reduced from about 23.6 billion dinars in 2011 to around 13.3 billion dinars in 2019 and only RSD 9.5 billion in 2020.

Access to unemployment benefit has been legally restricted for employees who accept a severance payment above the legal minimum. Several changes in the Law on Employment and Insurance against Unemployment were adopted in 2015. Among the key amendments the most controversial change refers to restricting the access to unemployment benefit for those who accept a severance payment above the legal minimum (so called stimulative severance pays) in the process of restructuring. To prevent potential abuses, the amendment stipulated that the unemployed person who received severance payment above the legal minimum would become eligible for the benefit only after a full year spent in a new job. This reform may negatively affect employee rights income inequality, since older workers tend to be discriminated against on the labour market. At the initiative of trade unions, this amendment has been (for over two years and a half) under the scrutiny of the Constitutional Court.

2.3.4 Minimum income

In 2020, Serbia was among only a handful economies to offer a universal one-off cash grant to all its adult citizens to facilitate the maintenance of income during the COVID-19 pandemic.

In addition to measures aimed at supporting jobs and enterprises, the Government introduced a one-off universal cash transfer of EUR 100 to all citizens. While pensioners and social assistance beneficiaries received the amount automatically, other adult residents had to apply for this transfer. According to the Ministry of Finance, 6 145 529 people have received the transfer, yielding a total EUR 615 million, or about RSD 72 billion (ILO, 2020).

Jointly with providing three monthly minimum wages to the self-employed and all permanent employees in small and medium firms, the cash grant proved to be instrumental in preventing expected growth in poverty and inequality.

The simulation of the welfare effects of the employment retention measure finds that on its own it reduces the poverty only halfway back to the pre-crisis poverty level. Although these measures saved many jobs, they did not protect vulnerable workers (informal, temporary, service-contract workers and so on), de facto worsening their relative position. However, when the key income support measure—the one-off 100 euros (EUR) grant to all adult citizens—is added to the simulation, the distributional and anti-poverty effect of the combined measures is remarkable and reduces the anchored relative poverty rate to 22.9 percent, slightly below the pre-crisis level (ILO, 2020). Similar results were obtained in micro-simulations carried out by the World Bank (2021) which found that among the Western Balkan economies only Serbia managed to prevent the increase in poverty in 2020, while in other economies the poverty rate went up by 4 percentage points and more.

Article 69 of the Constitution guarantees the right to minimum income, without explicitly mentioning it.

It stipulates that citizens and families that require welfare for the purpose of overcoming social and existential difficulties and creating conditions to provide subsistence, have the right to social protection, the provision of which is based on social justice, humanity and respect of human dignity. These rights are operationalised in the 2011 Law on Social Protection.

Serbia has only one explicit minimum-income anti-poverty programme—the means-tested financial social assistance programme (FSA),

called the Material Support for Low Income Households (MOP) programme before 2011. FSA provides income support for families or households that meet certain eligibility criteria related to income, asset ownership, and employment status of able-bodied members. The amount of the benefit is the difference between an administratively pre-set income threshold for a unit of assistance of specific size (from one to six members, up to four children), using explicit equivalence scales (0.5 for second and every other adult, 0.3 for each child), with a single threshold level in 2018 of dinars 8 283 (around EUR 70), and the actual income of the unit needing assistance (household or family). In 2019 the single threshold level was increased to 8 508 dinars (72 EUR). The latest amount from April 2021 is 8 781 dinars (74.5 EUR). The average number of beneficiaries in the period from 2016 to 2018 was 268 000 or some 3.5% of Serbian population), while the total expenditures on FSA were 14.3 billion dinars (121 million EUR). By 2020 the number dropped by some 50 000 (3% of the population), with the corresponding drop in the total amount in real terms—given the fact that consumer price indexation means zero real growth in individual amounts of FSA. Eligibility thresholds and maximum benefit levels are updated twice a year to track growth in consumer prices—meaning that their ratio to average wage levels is on long-term decline—and this trend is accelerating with the substantial real wage increases between 2018 and 2021. The programme is financed by the central budget and designed by the Ministry of Labour, Employment, Veterans and Social Affairs (MLEVS). Municipal Centres for Social Work (CSW) administer eligibility verification, certification, and payments. Eligibility is verified each year and whenever circumstances change.

The FSA is cost-effective and successful in avoiding the error of inclusion, with 74% of all benefits reaching the poorest quintile, but its coverage is extremely low.

With 3% of the population covered, even under the assumption of perfect targeting, this is only 40% of persons who are deemed to be in absolute poverty by national criteria. Spending on FSA is below 0.3% of the GDP, below not only European but also regional standards. Poor people in rural areas are often denied FSA due to rigid

asset testing rules. Furthermore, those in need of social assistance are often required to legally sue their household members in order to prove that these are not supporting them (Mihajlović-Babić, 2020).

The Child Allowance Programme is intended to support the income of poor households with children. As in the FSA, eligibility is determined by asset tests. However, the benefit is fixed and does not vary with income, it is currently set at slightly above 3 000 dinars (around EUR 25). The income threshold of slightly above 9 000 dinars (around EUR 76) per family member is higher than for the FSA. Children are required to attend school. Each child is entitled to the allowance until he or she reaches the age of 19 (21 in certain cases, 26 if disabled). Households must reapply annually. Like with FSA, the child allowance is administered by the municipal CSW, where potential beneficiaries apply.

The Law on Social Cards was adopted in 2021. The stated aim of this long-prepared Law is to enable a fairer and administratively easier distribution of benefits for the most socially endangered groups and the establishment of a better control of social benefits. Its implementation is to start in 2022. This integrated system will comprise the full range of assistance schemes in the domains of social and other types of protection subject to income and assets test and other aspects reflecting the socio-economic status and is implemented by linking many different institutions. Judging by the experience of some neighbouring economies, introducing social cards might result in further reduction of the already low number of beneficiaries, should the eligibility conditions remain the same.

The implementation of the activation concept causes ongoing controversies. The Social Protection Law in 2011 introduced the concept of activating those who are able to work; prescribing for the first time that beneficiaries able to work have the obligation as well as the right to participate in activities leading to their inclusion in society. In late 2014, the Decree on the measures aimed at social inclusion of FSA beneficiaries was passed. The most controversial part of the Decree is the one which assigns the right to local government to engage social assistance beneficiaries in socially useful work, volunteering and public works (Article 9), implying de facto introduction of workfare, which is not recognised in the current Law on Social Protection.

The Decree breaches the implicit contract between the government and able-bodied social assistance beneficiaries established by the Law on Social Protection. In the first place, the amount of FSA is set at a level which is below the nationally defined poverty line. Furthermore, FSA is provided to families with able-bodied members for only 9 months annually, with the assumption that in the remaining three months these family members will be engaged in seasonal work or other informal or temporary work. Therefore, the implicit contract contained in the Law on Social Protection is the following – the Government provides the able-bodied social assistance beneficiaries and their families on an annual basis around half the sum needed for bare essentials, while basically turning a blind eye to the ways they secure – if at all – additional income to make ends meet. The Decree thus threatened to annihilate this long-standing implicit contract. However, its implementation in practice has been far from universal, and largely depended on its interpretation among the local governments.

Serbia faces a serious minimum income coverage gap. Only 35% of the poorest quintile receives any social assistance. Coverage of the bottom quintile, which roughly corresponds to the poor in Serbia, is among the lowest (after Spain) among EU-27 Member States (World Bank, 2015).

Low expenditure on targeted social assistance programmes is certainly one of the reasons for the high poverty risk and income inequality recorded in Serbia by the SILC statistics. According to the 2019 SILC data, a total of 23.2% of the population of Serbia are at risk of poverty, and compared to 2018, it was lower by 1.1 percentage points. At-risk-of-poverty or social exclusion rate amounted to 31.7%, and it was reduced by 2.6 percentage points relative to 2017. Still, this value remains significantly higher than the average value for the EU 27 Member States (20.9 %).

Recent efforts by SORS to asymmetrically boost the incomes of bottom deciles in SILC threatens comparability of poverty and inequality outcomes over time and comparatively. Since 2018 there is an ongoing effort within SORS, initiated by the part of the expert community and SIPRU team (see for example UNDP, 2018 and CEVES, 2020) to boost the incomes of bottom deciles. These methodological changes include imputation instead of self-reporting of social benefits and removal of negative incomes. They are not fully documented and are asymmetric, since there is no effort to similarly boost the incomes of top deciles. These changes undermined both inward (over time in Serbia) and outward (with other, primarily neighbouring and Central and Eastern European economies using SILC) comparability of recently published SILC results.

2.3.5 Old age income and pensions

In 2020, pensioners got two cash grants in the total amount of some 76 EUR (9000 dinars), in addition to 100 EUR offered to all adult citizens. This COVID-19 related measure was criticised as unnecessary, given the fact that pensioners did not experience any loss of income and that there are senior citizens who do not receive any pension. Since similar amounts were disbursed in several previous years as well, this measure might be interpreted as a way of smoothing large differences in pensions and protecting the pensioners with very low pensions. In 2021, pensioners will get another 50 EUR one-off grant, on top of 60 EUR offered to all adult citizens.

Article 70 of the Constitution stipulates that the pension insurance shall be regulated by the law and that Serbia shall attend to the economic security of the pensioners. However, it does not specifically mention the provision of financial resources to all people in old age who might need them to ensure living in dignity. This is consistent with how the pension system operates in Serbia – it is a contributory Bismarckian type pay-as-you-go system based on insurance principles. Article 5 of the Law on Pension and Disability Insurance stipulates that the rights related to pension and disability insurance are acquired and exercised based on the duration of investment and the basic sum for which pension and disability insurance contributions had been paid, and with application of the solidarity principle. Nevertheless, the system is riddled with problems, and is probably in its current form unsustainable in the longer term, either for financing or for equity and adequacy reasons.

Average old-age pension in December 2019 was 28 360 dinars (EUR 241), while in December 2020 it reached 29 852 dinars (EUR 254), and in April 2021 31 612 dinars (EUR 269). As of 2020, pensions are adjusted using the 'Swiss formula', meaning that percentage change in pension is obtained as the sum of 50% nominal wage growth and 50% CPI growth. Disability and survivor pensions are significantly lower.

Serbia runs an expensive pay-as-you-go contributory pension system based on insurance. Following the German system, the individual pension is based on the number of contribution years,

the ratio of the individual's wage to the average wage, and the value of the general point. The pension of the individual is supposed to reflect their relative average position while employed, rather than to link their benefits to their own real contributions. The replacement ratio is around 60%, which is relatively generous internationally and around EU-11 average but below EU-27 average. There is a relatively high proportion of early retirees, as well as significant number of pensions based on accelerated years of service. The share of beneficiaries of early old-age pensions in 2020 was 3.2% of the total number of beneficiaries, per data provided by the Republican Fund for Pension and Disability Insurance. The average age of new old-age pension beneficiaries has increased from 60 in 2008 to 64 in 2020 for men, and from 57 to 63 for women (the retirement age in 2020 is 65 for men and 63 for women). After various pension reforms, including the gradual extension of retirement age for women and introduction of actuarial penalties for early retirees, as well as temporary pension cuts, Serbia belongs to the group of average spenders on pension systems as a share of GDP among EU-27.

The contributory pensions are financed by very high pension contributions and are in addition subsidised from general government revenues. The contribution rate for pension and disability insurance has been reduced to 25.5% since January 2020 (14% at the expense of the employee and 11.5% at the expense of the employer). High spending on pensions despite the fact that Serbia has one of the lowest formal employment rates in Europe is made possible by high contributions paid by current employees and by generous transfers from the general government budget, amounting to around 3-4% of GDP in recent years, albeit this share is declining. In addition to the payment of pensions, the contributions also finance the payment of other rights from the pension and disability insurance, as well as contributions for health insurance of pension beneficiaries. According to the Republican Fund for Pension and Disability Insurance, the share of total transfers in GDP decreased from 7.1% in 2012 to 3.1% in 2019, then in 2020 increased, due to the impact of the pandemic, to 3.9%, but the projected share of transfers in 2021 is only 2.3% of GDP. By over-taxing current contributors to the scheme and extending the solidarity to the general public (including those who are not, nor will ever become, eligible for contributory pension), both the principle of inter-generational and intra-generational solidarity among the members of the pension insurance scheme are undermined. For example, if the rule which was in force until 2019 regarding the indexation of the point (cost-of-living indexation) were kept indefinitely, the replacement rate for new entrants to the scheme would be meagre 7% once they reach the retirement age (World Bank, 2015). Even with the introduction of the Swiss formula in 2020, the replacement rate would not exceed 30%. Thus, for all practical purposes younger employees can see the high contributions they pay as an effective wage tax, rather than deferred wages.

On the other hand, universal or quasi-universal (excluding old people with significant assets or income from other sources above a certain threshold) pensions do not exist and are not considered to be an urgent priority or even a viable option by both the government and some of the members of the expert community. Although there are no exact data, it could be estimated that some 10% of persons above 65, most of them women, do not have the right to either old-age, disability or survivor pension. The number of pensioners actually declined between 2014 and 2018 by some 24 000 persons (from 1 739 000 to 1 715 000), and by 2020 fell to 1 692 000, despite the significant increase in the population over 65 of age during the same period. Although the pension coverage was increasing over the last decade, in the coming years this trend might well come to a halt as generations most affected by the economic downturn in the 1990s reach pensionable age. Many members of these generations (sometimes referred to as 'transition losers') lost their formal jobs,

were forced to exit the formal sector and to start informal self-employment, including farming. One analysis shows that currently only 55% of members of a younger, prime 35-39 age cohort pay pension contributions. Some members of the expert community claim the universal pension is a too costly solution and thus unviable, and that it would introduce disincentives for current employees to join the pension insurance. Still, in early 2021, the Minister of Village Development Krkobabić proposed the introduction of 'guaranteed pension' in the amount of 12 000 dinars (102 EUR). However, thus far this initiative has not had a follow up within government circles. Furthermore, it is not entirely clear whether the proposed pension would be (quasi)universal or only a somewhat more generous FSA for old people fulfilling relatively restrictive eligibility conditions.

Introducing universal pensions would be socially just, financially viable, and would not necessarily create disincentives for formalisation. Economies typically pursue one or more of the following strategies to help alleviate poverty among the uncovered older persons: (1) provide a flat universal pension to all individuals above a certain age; (2) provide a targeted non-contributory benefit to the poor older persons; and (3) unify provisions for old-age poverty with the social assistance system (World Bank, 2015). While there are relevant economic arguments to be careful and not overly generous in the design of the universal pension, with the prospect of more uninsured people exiting the working age, such an institution would be needed. Any universal pension scheme would not have to cost the budget more than 3-4% of the GDP, that is, the percentages representing current average government transfers to the account of the so-called Pension Fund, financed through general government revenues. The bulk of these revenues transferred to the Pension Fund consist of indirect taxes, paid by all members of society, so there is a compelling argument to distribute the funds so collected in an equitable fashion (including to current pensioners), instead of topping up the pensions of the members of the already privileged club.

2.3.6 Health care

The COVID-19 pandemic required urgent mobilisation and reorientation of the entire health system, which was overall managed successfully. In order to contain the virus, on 15 March 2020 the government declared a state of emergency, which ushered in health-related emergency response measures. The Infection Disease Crisis Response Team was established on 13 March 2020, co-chaired by the Prime Minister, the Minister of Health, the Director of the Health Insurance Fund, and the Provincial Secretary of Health. The state of emergency allowed the President of the Republic Serbia to proclaim orders and decrees, including those enforcing mandatory work of health workers and limit freedom of movement of citizens. In the health response the President relied on the Medical Crisis Response Team. After the official end of the state of emergency in early May 2020, many of the ad-hoc established bodies and regulations remained in place.

In 2020 Serbia spent several hundred million Euros across various budgetary lines for extra health-related expenditures caused by the COVID-19 pandemic. Screening for and treatment of COVID-19 are completely covered through the Health Insurance Fund for all persons who are residing or staying in Serbia. Patients that are treated for infectious diseases are covered by health insurance, even if they do not qualify for the status of an insured person. According to Article 239 of the Health Care Law, Paragraph 4, for foreigners suffering from infectious diseases which require persons to be placed under medical supervision according to regulations governing the protection of the population against infectious diseases, health care costs would be reimbursed from the budget of Serbia. On 25 March, the Government decided to transfer RSD 2.2 billion (EUR 18.7 million) to the Health Insurance

Fund (HIF) to alleviate the effects of COVID-19. Additional funds were allocated for an increase of salaries for all health-care workers in Serbia, additional employment and procurement of equipment like ventilators, investments in renovation and repurpose of hospitals and procurement of PPE. Additionally, the military health system was fully included in the COVID-19 response, being covered by other budget lines (budget of the Military of Defence). On 26 March, the European Commissioner for Neighbourhood and Enlargement, Oliver Varhelyi, announced a package of measures to support Serbia in the fight against COVID-19. The package included financial assistance worth EUR 93 million with immediate measures of EUR 15 million. In the course of 2020, two new hospitals were built and several reconstructed.

Article 68 of the Constitution proclaims that everyone shall have the right to protection of their mental and physical health. However, free health care is not universal. It is extended to children, pregnant women, mothers on maternity leave, single parents with children under seven years of age and elderly persons and financed from public revenues unless it is provided in some other manner in accordance with the law. Health insurance, health care and the establishment of health care funds are regulated by the law. Serbia promotes developing a health and physical culture.

According to MICS 2019, almost all children in Serbia have health insurance (99 percent of children under 17 years). However, the rates are lower for children in Roma settlements—96 percent of children aged under five and 97 percent of children aged 5–17 years have health insurance (UNICEF, 2020).

The health care system is a Bismarck model with social insurance from the National Health Insurance Fund, based on universal health coverage for contributors and their family members. Private health insurance exists in supplementary form, covers faster access and enhanced consumer choice, but often serves as the only viable choice for timely intervention. Health care is directly provided through a network of health care institutions and divided into three levels: primary, secondary and tertiary health care. Financing of primary health care is based on capitation. The number of active physicians has been stagnating around 20,000 since 2007. The same number was quoted by the Health Minister in 2020 at the height of the COVID-19 crisis. One physician served on average 368 inhabitants in 2007, while that ratio dropped to 351 in 2017, due largely to the population shrinking. Similarly, the number of hospital beds oscillates around 40,000 in the same period (41 100 in 2007, 39 787 in 2017).

Access to health care is restricted to a significant group of the uninsured population. Even though, according to the official statistics, 'only' 3% of population is not covered by either health insurance or free health care, there are many reasons to believe that in reality the right to health care is limited at all times for at least double that percentage. In the first place, that right is routinely denied to many employees without health insurance contributions timely paid for by their companies (or by themselves). In addition, the growing categories of temporary employees under flexible contracts, especially those on service and temporary contracts, have problems with exercising this right. Adults (usually young) without a job, who live in a joint household with their parents, most often cannot get insured on any ground, except through personal payments for health insurance. Indeed, many avoid it, hoping they would not need the health-care services, exposing themselves in that way to higher financial and health risks (Arandarenko, 2017).

Unmet health-care needs are more frequent in Serbia compared to the EU average and oscillate around 5% of population. According to the SILC results, in 2019 4.8% of population reported unmet

need for medical care, compared to 5.8% in 2018, 4.8% in 2017, and 4.5% in 2016. 3.9% of male population and 5% of female population reported unmet need for medical care in 2016. An analysis based on 2014 data indicated that almost every seventh citizen of Serbia (14.9%) had unmet health care needs which is much higher in comparison to the other 27 European Member States that have conducted SILC surveys, where the average unmet health care needs were 6.9% (Popovic et al. 2017). Based on newer Eurostat data, in 2018 11.8% of Serbian citizens over 16 had unmet needs for medical examination or treatment, compared to 3.2% of EU-27 citizens; while 13.9% had unmet needs for dental examination or treatment (3.9% in EU-27).

Health expenditures as a share of GDP are high, especially the out-of-pocket part. According to the latest available WHO data for total expenditures for health-care services vs. GDP of 8.54% in 2018, Serbia falls into economies with above average allocations to health. The average ratio of health expenditures to GDP in upper-middle income economies in 2018 was 5.75%. In comparison to other European economies, the citizens themselves take relatively more out of their own pocket (almost 40% of total expenditures), while the government's share in these expenditures is around the average. In countries like Austria, Germany, Denmark or the UK, the citizens' share in health expenditures is around 20%. When citizens need to pay great many services out of their own pocket, it inevitably increases the inequality in using health-care services and in health outcomes.

Key health outcomes are disappointingly modest. Being an upper-middle income economy on a global scale, Serbia is ranked somewhere in the middle of the global list by life expectancy at birth, which is deemed to be the most important synthetic health indicator. Such average result—75.7 years total in 2019, 78.3 for women and 73.1 for men—is unfavourable if considered in the long run, because Serbia, with the exception of the 1990s, has belonged to the group of upper-middle income economies. Moreover, when compared to former Yugoslav Republics, life expectancy is now longer everywhere except North Macedonia, whereas three decades ago Serbia lagged only behind Slovenia and Croatia (CEVES, 2017). Another concern lies in the fact that in recent years, growth in life expectancy was lower than the long-term trend. Between 2016 and 2019 life expectancy improved only marginally, while there was even a slight decrease between 2018 and 2019. The comparison of results achieved by Serbia in health (at the bottom among the European economies), with the level of system equipment (in the middle of the range) and the level of annual spending on health care (at the top of the European economies), undoubtedly shows that Serbia has an issue with the efficient use of resources in health care—all the more so because the comparative economies largely fail to use their resources in the most efficient manner.

2.3.7 Inclusion of people with disabilities

In March 2020, Serbia adopted the Strategy for the Improvement of the Position of Persons with Disabilities for 2020–2024. It took a year before the strategic framework was turned, in April 2021, into the Action Plan for the implementation of Strategy for the Improvement of the Position of Persons with Disabilities for 2021–2022. A comprehensive strategy on deinstitutionalisation is still lacking. Serbia also adopted a mental health-care strategy in November 2019. However, placement and treatment of people with psychosocial and intellectual disabilities in social institutions are still not regulated in accordance with the UN Convention on the Rights of Persons with Disabilities. Women with disabilities in residential institutions are particularly vulnerable to gender-specific forms of violence—forced contraception, forced sterilisation and forced abortion. There is a lack

of funding for developing community-based services and for supporting licensed service providers and social services.

In 2020, persons with disabilities faced additional problems due to COVID-19 pandemic. During the first three weeks of the COVID-19 state of emergency, persons with disabilities were lacking home assistance services, since the service providers did not have permits for movement during the curfew. Children with development disabilities and autism also particularly suffered from the curfew. These issues were eventually solved by the authorities following complaints of various CSOs and the Ombudsman's recommendations (EC, 2020). Complaints submitted to the Commissioner for the Protection of Equality in 2020 in the field of employment procedures or at work were mainly related to the organisation of work from home by employees with disabilities or problems of parents of children with disabilities, who due to the introduced COVID-19 related measures were not able to get services provided to the required extent (day care, personal assistant, personal companion, etc.). In several complaints and other referrals, persons with disabilities expressed dissatisfaction with the amount of pensions, material financial assistance or other financial benefits, pointing to a poor financial situation, which does not constitute discrimination in terms of violation of the law, but certainly represents a problem (CPE, 2020).

The Constitution guarantees the right to professional rehabilitation to citizens who are partially capable of work in order to be trained for appropriate work. The conditions for their employment should be provided in accordance with the law. The government provides social security to citizens who are incapable of work, and do not have means to support themselves.

Income, employment and living support for people with disabilities is implemented through several social protection institutions – financial social assistance (FSA); supplement for other person's assistance and care; increased supplement for other person's assistance and care; assistance and training for work; one-off financial support; support in kind and other types of material support. The right to FSA belongs to an individual or family with income from work or property lower than the amount they would receive through FSA. Right to supplement for other person's assistance and care belongs to a person who is in need of other persons' assistance and care, due to physical, sensory or intellectual damage, to be able to carry out basic life activities. One of the parents of a child with full disability and thus eligible for increased supplement for other person's assistance and care, after 15 years of caring for his or her child, might become eligible for a minimum pension, under the condition that he or she does not work. The Health Care Act entitles persons with disabilities to health care even if they do not fulfil the labour and employment-related requirements to have medical insurance. The right to health care also includes medical rehabilitation in case of illness or injury, and the right to walking and mobility aids, and sight, hearing, and speech aids.

Persons with disabilities are guaranteed rights from health insurance. The Law on Health Care stipulates that when providing health care, no user may be discriminated against in any way, not even on the basis of mental or physical disability. Persons with disabilities are guaranteed rights from health insurance, even when they do not meet the conditions for acquiring the status of insured, on the basis of employment and work, because that is often an impossible condition. Health insurance rights include, in addition to prevention and early detection of diseases and treatment of patients through therapy, medical rehabilitation, as well as the right to medical technical aids. The main goal of medical rehabilitation is to restore or improve the damaged functions of the body, and the goal of medical-technical aids is to repair and facilitate the performance of basic life functions.

The right to work-related assistance includes support in education and training for work and is implemented in various forms. The right to work-related support is granted to children and young people with disabilities and adults with disabilities who, based on their assessed work abilities and age, can be trained for a certain work, if this right cannot be achieved on another legal basis. Assessing the need for additional support in education is done in accordance with the regulations governing the basis of the education system, and the assessment of the possibilities for training for work is determined according to the regulations governing professional rehabilitation and employment of persons with disabilities. The right to training assistance for work is implemented in the form of covering training costs for work, accommodation expenses in students' homes, students or boarding schools, as well as in the form of reimbursement of transportation costs.

According to the Census of Population, Households and Dwellings there were 571 780 persons with disabilities living in Serbia in 2011, representing approximately 8% of the total population. Regarding gender, there is a higher percentage of women than men among persons with disabilities (58.2%). According to type of impairment, the highest percentage are those reporting mobility impairments, and the least number with communication impairments.

Out of all persons with disabilities aged 15 and over (564 856), 12.2% reported to have never attended primary school. This percent is high compared to the general population of 2.7%. It also represents 41.9% of the total population of Serbia who never went to primary school. 32.8% of all persons over 15 with disabilities did not complete primary school education, compared to 3% of the total Serbian population over 15. Persons who completed primary school education account for 20.6% of all persons with disabilities over 15 (20.8% of total population). Secondary education is completed by 27.2% of persons with disabilities (total population 48.9%). College-level education was completed by 3.4% of persons with disabilities (total population 5.7%), and 3.2% completed university-level education (total population 10.6%).

There is no reliable statistics on children with disabilities. According to the 2011 Census, Serbia is an economy of 7 186 862 inhabitants, of whom 17.6 per cent are children. The number of children with disabilities is unknown. Although the last Census collected the data on children with disabilities, the methodology applied found that children with disabilities make up only 0.7 per cent of the child population, whereas the generally accepted estimate is that children with disabilities constitute 5 per cent of all children.

The material and social position of people with disabilities is very disadvantaged and can be compared only to that of the Roma population. The data from MLESV indicate that 70% of persons with disabilities in Serbia are poor and that over half of them receive some kind of welfare. The number of guardians is on the rise, indicating that more people with disabilities are deprived of their legal rights. Reports find deplorable conditions in residential institutions, especially those hosting people with intellectual disabilities (Belgrade Center for Human Rights 2016).

The Law on Professional Rehabilitation and Employment of Persons with Disabilities (2009; amended 2013) is the first law to comprehensively govern the employment of persons with disabilities and it gives precedence to employing persons with disabilities in the open labour market over 'sheltered' models of employment. In order to encourage the employment of persons with disabilities, the National Employment Service implements active labour market policy measures that include professional and financial support to employers and individuals. In this regard, the Law on Professional Rehabilitation and Employment of Persons with Disabilities regulates incentives for

employment in order to create conditions for equal inclusion of persons with disabilities in the labour market, assessment of working ability, professional rehabilitation, with compulsory employment of persons with disabilities, conditions for establishment and operation of companies for professional rehabilitation and employment of persons with disabilities, work centres and social enterprises, as well as other issues of importance for professional rehabilitation and employment of persons with disabilities.

In addition, laws and bylaws: Rulebook on the manner of monitoring the implementation of the obligation to employ persons with disabilities and the manner of proving the fulfilment of that obligation, Rulebook on detailed conditions, criteria and standards for implementing measures and activities of professional rehabilitation, Rulebook on criteria, manner and other issues of relevance for the implementation of active labour market policy measures, the Law on Employment and Unemployment Insurance, as well as the Rulebook on the procedure, costs and criteria for evaluating the abilities and opportunities for the employment and retention of employment of persons with disabilities, regulate areas of professional rehabilitation and employment of persons with disabilities, with the aim to contribute to the increase of the possibility for companies that employ new people to recognize and find the right candidate, regardless of disability.

Based on the Law on the Planning System of the Republic of Serbia, the Government of the Republic of Serbia adopts the National Employment Action Plan, according to which the National Employment Service, within the implementation of active labour market policy measures, announces public calls with special priority for persons with disabilities.

The Rulebook on the Procedure, Costs and Criteria for Evaluating the Abilities and Opportunities for the Employment and Retention of Employment of Persons with Disabilities lays down that the relevant authority, Institute of Occupational Health, shall assess how a person's illness or disability affects his/her ability to work, find a job and retain it. The Institute has the discretion to find a person totally incapable of being involved in employment, based, according to some critics, on very vague and elusive standards. The law lays down active measures for the employment of persons with disabilities, including reimbursement of employers' expenses of adapting the workplace and subsidizing the first 12 monthly salaries they pay to persons with disabilities without work experience who they hired for an indefinite time period. Under this law, employers with 20–49 workers must hire one person with disabilities, while those with 50–99 workers must hire two persons, etc. Employers defaulting on the obligation to hire persons with disabilities are under the obligation to pay 50% of the average wage in Serbia in the budget fund for the professional rehabilitation and encouragement of employment of persons with disabilities.

The Law prescribes active measures for the employment of persons with disabilities, including reimbursement of employers' costs for adjusting the workplace and subsidizing the first 12 monthly salaries paid to persons with disabilities without work experience who have been employed for an indefinite period of time. The Law stipulates that persons with disabilities may be employed under general or special conditions. Employment under special conditions means employment of a person with a disability by an employer with adjustment of tasks (adjustment of work process and work tasks), workplace (technical and technological equipment of the workplace, means of work, space and equipment - in accordance with the capabilities and needs of a person with disabilities), or tasks and workplace. The obligation of employment, in terms of this Law, is the obligation of every employer, who has at least 20 employees, to hire a certain number of persons with disabilities, and an employer who has 50 or more employees is obliged to hire at least two persons with disabilities,

and for every next 50 employees started, one person with a disability.

In addition, employers can use several different measures at the same time according to the needs and possibilities, as well as the conditions for participation in measures such as: (i) reimbursement of salary costs to a person while providing professional support to a person with a disability - work assistance, in the amount of up to 50,000 dinars (maximum 12 months), (ii) reimbursement of appropriate costs of adjusting the workplace in a one-time amount of up to 400,000.00 dinars per person with disability, (iii) wage subsidy for employment of a person with a disability without work experience employed for an indefinite period of time, for a period of 12 months from the day of employment, and up to the amount of the minimum wage determined in accordance with labour regulations, (iv) subsidy to the private sector is approved in a lump sum, for the purpose of employment of unemployed persons from the category of hard-to-employ persons who are in the records of the NES, in the amount of 240,000.00 to 300,000.00 dinars depending on the development level of local self-government, (v) public works for which at least three unemployed persons with disabilities are engaged are carried out by the employer, which is determined by the NES on the basis of a public competition, (vi) vocational training for independent work in the profession for which appropriate education has been acquired, acquiring practical knowledge and skills of the unemployed by performing specific jobs for an employer belonging to the private sector, training the unemployed for independent work in the profession for which secondary or higher education was attained for the purpose of doing an internship.

The Rulebook on the manner of monitoring and execution of the obligation to employ persons with disabilities and the manner of proving the fulfilment of that obligation stipulates that employers who do not fulfil the obligation to employ persons with disabilities are obliged to pay 50% of the average salary in Serbia to the budget fund for professional rehabilitation and encouragement of employment of persons with disabilities. Given that public institutions of the Republic of Serbia are exempted from this obligation, the Republic of the government of Serbia as an employer for direct and indirect budget users whose salaries are provided from the budget of the Republic of Serbia, fulfils the obligation to employ persons with disabilities by allocating funds for the current year for subsidizing earnings of persons with disabilities employed in companies for professional rehabilitation and employment of persons with disabilities, for the improvement of working conditions, improvement of production programmes and other purposes, in accordance with the Law. This sets a bad precedent for private-sector employers who have also been opting for paying fines, rather than hiring persons with disabilities (Belgrade Center for Human Rights, 2017).

The Law on Prevention of Discrimination against Persons with Disabilities obliges government bodies to provide persons with disabilities access to public services and facilities and prohibits discrimination in employment, health, and education. It includes provisions obliging central-level and local self-government authorities to undertake special measures to encourage equality of persons with disabilities. Specific articles of, for example, the Planning and Construction Act, Air Transportation Act, Railway Act, Land Transportation Act, Public Information and Media Act and Electronic Communications Act aim to ensure that persons with disabilities can fully exercise their rights to mobility and information. Most of the complaints submitted to the Equality Commissioner regarded discrimination against persons with disabilities. The majority of them concerned lack of access to public services and public facilities and areas (Belgrade Center for Human Rights, 2019).

Independent living and community inclusion remain distant ideals for most persons with disabilities. Persons with disabilities are rarely able to fully exercise their right to live in the community. Although

Serbia has committed to deinstitutionalisation in principle, the number of institutionalised persons with disabilities has been increasing every year. In its Submission to the UN Human Rights Council for the briefing on Serbia, Mental Disability Rights Initiative (MDRI-S), stated that, due to exclusion, discrimination, and poverty, more than 11 000 persons with disabilities in Serbia were placed in large residential and psychiatric institutions. It noted that, despite the comprehensive reforms in the areas of social protection, education, health, and fundamental rights in Serbia in the previous decade, the situation of persons with mental disabilities, especially those placed in residential and psychiatric institutions, have not improved significantly and that the system did not yet offer satisfactory alternative solutions (Human Rights Report, 2017).

2.3.8 Long-term care

Institutions of long-term care faced the greatest challenges during the COVID-19 emergency and in its aftermath for many reasons, including capacity, financing, vulnerability of populations, and health concerns. The primary focus of authorities was to prevent the outbreak in residential institutions housing beneficiaries. Visits to these institutions were banned, and new admissions to the residential care facilities were restricted to emergency cases, subject to negative COVID-19 testing; this was particularly pronounced and important in institutions housing vulnerable older persons. Visits to facilities accommodating unaccompanied and separated children were not allowed. Employees working in these facilities sometimes had to self-isolate which put additional pressure on the remaining staff. Fifteen-day shifts for social welfare workers created additional psychological pressure on these employees. The Ministry of Labour engaged an additional 425 caregivers and 127 health-care workers in care centres. Although care facilities do have safety protocols and protection plans in line with requirements of the Law on Disaster Risk Reduction and Emergency Management, it was very difficult to comply with COVID-19 related measures such as physical distancing or isolation of suspected COVID-19 cases for the resident population of beneficiaries who cannot carry out everyday activities independently or who cannot understand requests for physical distancing (UNDP, 2020). Asylum seekers, refugees and migrants were accommodated in governmental camps and other facilities, which were mostly overcrowded and not fully suitable for a prolonged stay. They could only leave the centres with written permission from the authorities (BCHR, 2020).

In the context of an ageing population, extended life expectancy, changing family models and the emigration of younger generations, Serbia faces the challenge of providing a systemic response to the growing demand for long-term care for a number of older people. In 2019, 20.7% of the Serbian population was over 65, of whom 4.6% (122,000 people) were over 80 years old. This places Serbia among economies with the largest share of the elderly in the total population. Based on available projections, this trend will continue - by 2040, more than 24% of the population will be over 65, of whom 7.4% will be over 80. A survey by the Ministry of Health on the elderly who are not in long-term care facilities indicates that 11.1% of the population over the age of 65 and 33.3% of the population over the age of 85 have difficulty performing daily activities, while 37.6% of the population over the age of 65 and 71.6% of the population over the age of 85 have problems with basic daily activities.

Improving long-term care for the elderly therefore requires complex reforms. In order to overcome the existing fragmentation, it is necessary to integrate services from three different systems (social protection, health care and pension insurance) into one comprehensive system based on a clear and sustainable financing model. Further strategic planning and regulation of long-term care through new strategic frameworks and changes in the law, strengthening service delivery and raising

awareness of services available to the elderly are needed. To ensure that decentralized community-based social services are available to older people and other vulnerable groups, the existing network of locally available services needs to be expanded. Despite efforts in recent years, the availability of social services at the local level remains uneven. The mapping done in 2018 shows that there is great diversity among LSGs when it comes to providing services at the local level. Social protection services within the mandate of LSGs were provided in 137 out of a total of 145 LSGs in 2018, which is a slight increase compared to 2015 (133).

Deinstitutionalisation was introduced as a guiding principle of the Social Policy Development Strategy in 2005 and re-affirmed in the 2011 Law on Social Protection. Deinstitutionalisation involved a **shift** of social services **towards home-care and community-based services** and away from residential care. This strategy was further confirmed in 2011 in a new general Law on Social Protection. This law introduced the following provisions: 1) a ban on institutionalisation of children aged zero to three; 2) introduction of group homes and small residential units as new forms of placement; 3) introduction of special purpose transfers for community-based services for communities where residential institutions will be transformed; 4) financing of supported housing services for persons with disabilities from the national level.

The pace of reforming and implementing the deinstitutionalisation principle has been uneven with regards to three main groups in need of long-term care: children, older persons and persons with severe mental disabilities.

Residential long-term care for children has been significantly deinstitutionalised. For example, the number of children and youth with disability placed in residential institutions decreased by 37% between 2000 and 2011. At the same time, the share of children and youth with disability within the total number of children (1 854) placed in residential institutions increased over the same period from 60 to 69%. In 2000, there were about 2 000 children without family relations in residential care and only 180 in foster families across Serbia. By 2011, the first number has gone down to around 600, but since 2013 the trend reversed and in 2016 there were 653 children in residential institutions. Similarly, by 2011 the number of children in foster families shot up to almost 5 000, but it was on a slight downward trend since, with 4639 children in foster families in 2016 (Republic Institute for Social Protection, 2018).

Long-term care services for older people in Serbia are fragmented and scattered between the systems of social welfare, health care and pension insurance (Todorović and Vračević, 2018). This poses the burning problem of coordination. The system of social welfare provides the following services for older people in need: institutional accommodation, home care, and foster families. In addition, two distinct forms of financial allowances are available for older people: social assistance and disability-related financial support. The health-care system provides long-term care services in secondary and tertiary health care through departments for extended treatment and care. Palliative care and home visits are provided through services for home treatment and care through health centres. The Pension Fund provides options to receive disability-related financial support, including persons residing in institutional accommodation. The amount of this support is 19 158 dinars (EUR 163) per month as of January 2021.

More than 60 000 persons over the age of 65 (4.9% of this population) are unable to independently perform activities of daily life or can only perform these with huge effort (2011 national census). Almost half of this population is over the age of 80. Furthermore, approximately 93 000 (7.4% of all

over 65) need support in performing activities of daily life—45% of this group is over the age of 80 (Matkovic and Stanic, 2014).

In March 2019 a group of 30 Serbian and international NGOs alerted to the deaths in Serbian residential institutions, above all in the homes in Trbunje, Tutin and Sremčica. They reported that 71% of the adult and 40% of the underage residents of these institutions lived in them until they died. They called on the Republic Public Prosecution Service and the MLEVS to make public the results of their investigations into the deaths, punish those responsible, adopt a strategic document on deinstitutionalisation and amend or repeal regulations allowing the institutionalisation of persons with disabilities against their free will (BCHR 2019). In 2019 MLEVS prepared the new draft Law on Persons with Mental Difficulties, however at the public hearing the then Minister claimed that the development of the support system to persons with mental difficulties and their families would be 'long and complicated'. The new law has not been adopted yet.

At the proposal of the Ministry of Labour, Employment, Veteran and Social Affairs, a Working Group was formed which drafted the Strategy for Deinstitutionalization and Development of Community-Based Social Services 2021 to 2026. A public debate was held, and the Report on the conducted public debate on the Strategy Proposal was published on the website of the Ministry and the e-Government portal. The harmonized text of the Proposal Strategy with the comments received during the public debate, which were assessed as acceptable, with attachments, was submitted to all relevant government administration bodies and other bodies and organizations for opinions. After obtaining the opinions of the relevant government administration bodies and other bodies and organizations, the process of harmonization of the text of the Proposal Strategy with the obtained opinions and objections for which it was assessed that they can be accepted, was carried out again.

2.3.9 Housing and assistance for the homeless

During the COVID-19 lockdown and its aftermath, people living in substandard Roma settlements as well as homeless people were exposed to elevated levels of hardship. With the adoption of protection measures, many regular activities of people without adequate housing could not be carried out due to restrictions on movement—trade, market sales, seasonal and craft businesses, music as well as collection of secondary raw materials. The pandemic left a high percentage of substandard Roma settlements without basic sources of income, further increasing their vulnerability and risk of poverty. The high prices of protective equipment and disinfectants also contributed to an increase in the risk of infection. Capacities of shelters for homeless people, including for children living in the streets, older persons, and persons with disabilities were insufficient, with only around 300 beds available across Serbia (SIPRU, 2020). The Shelter for Adults and the Elderly did not accept homeless people referred to them by the centres for social work in Belgrade in the period from March 15 to November 16, 2020. According to the available data, in the above period, the Shelter received at least 43 referrals for temporary accommodation, none of which was implemented (A11 Initiative, 7 December 2020). There were cases of harassment and misdemeanour charges against homeless persons for being in the streets during lockdown, given that these individuals had no other places to go.

An extensive mapping of substandard Roma settlements during the COVID-19 epidemic found 702 such settlements in 94 municipalities across Serbia, with a total number of 167 975 people. This

number does not include some 35 000 to 50 000 people who were found to reside only occasionally in these settlements, mostly working abroad and spending most of the year there. Residents of Roma settlements are engaged in various jobs, mainly in the informal economy. In 81 percent of the mapped settlements, the population is engaged in seasonal work as a primary activity. One predominant activity in about 350 mapped settlements was the collection of secondary raw materials, of which 90 were primary. Trade and market sales in 255 is the primary activity, music in 66, craft services in 25. Since these activities are carried out within the informal economy, the persons do not have access to sustainable sources of income, pension and disability insurance. In 11.4 percent of settlements, the primary activity is jobs in public companies, mostly communal. As much as 86 percent of respondents found themselves in a much more difficult financial situation compared to the situation before the epidemic. 80 percent of them had to suspend all their activities or performed them only occasionally during the emergency state, while 46 percent of respondents stated that for that reason they could not meet basic living needs at all.

The Law on Housing and Building Maintenance was adopted in 2016. The Constitution does not explicitly define government obligations in the area of housing. The Law is considered a new legal framework replacing mostly outdated regulations from 1990s. Since 1990, the government's role in the housing sector has changed from that of the main investor to that of regulating the development of this sector (National Action Plan on Sustainable Housing and Urban Development for Serbia, 2017).

The Law on Social Housing was adopted in Serbia in 2009 enabling the creation of a social housing stock. The responsibility for housing, including for the provision of accommodation for vulnerable population groups, was transferred to local self-governments. Article 2 of the Law defines the households to which the government directs support in resolving housing issues as those: "which for social, economic and other reasons cannot provide an apartment under market conditions". However, that law has been often criticised for allowing local governments to interpret it too freely, thus shifting the affirmative measures from those who are most in need to public sector employees.

In recent history, the concept of social housing for those with low income and for the socially vulnerable was largely disregarded in Serbia. During the socialist period, the issues of poverty, poor housing, and homelessness were largely ignored, and the publicly managed housing system focussed on providing public housing only to those employed in socialist sector and public administration. Consequently, the lower income groups such as self-employed and farmers were left to find individual solutions and relied on either building or renting self-built, often illegal dwellings. Therefore, illegal construction emerged as an unofficial social housing policy, tolerated as inevitable side effect of the failure of the official housing system (Petrović and Timotijevic, 2013). Due to slow response of authorities, the consequences of this policy are felt to this day.

Serbia does not have a homelessness strategy. Still there are national strategies and programmes that tend to address the multidimensional needs of vulnerable groups with emphasis on housing, employment, and social inclusion. The issue of homelessness itself is still neither defined nor explored. As a starting point for the overall approach to the homelessness the 2011 Census, for the first time, included the data on homeless people living in Serbia.

While the Census enumerated 445 primary and 17 842 secondary homelessness, the true numbers are significantly higher. The Census registered 445 primary homeless persons (those living without any address, sleeping outside without any shelters) in Serbia, of whom 442 were in urban dwellings.

The Census clearly captured only some homeless people in cities in which most shelters and social care institutions are found. However, according to Census, the population of the secondary homeless is far larger. In 2011 17 842 persons were in that status, of whom 63.1% lived in urban dwellings. By the region, 39% lived in the City of Belgrade, 25.5% in Šumadija and Western Serbia, and 21.8% in South-Eastern Serbia.

Providing accommodation for the homeless is a significant problem for local self-governments and centres for social work, especially in winter, and also in emergency situations. The capacities of LSGs need to be strengthened in order for them to develop the missing social protection services for urgent accommodation of the homeless, as well as support programmes for the homeless. Shelters for the homeless must meet the standards for the provision of services, in accordance with the Rulebook on detailed conditions and standards for the provision of social protection services. Providing and using social housing is one of the possibilities to provide adequate assistance to the homeless. Support programmes and work with the homeless should be specifically designed at the level of the local self-government or at the level of several local self-governments/inter-municipal level). Educational support programmes can be directed towards their education, building hygienic habits, housing culture, employment, nurturing of family relations and relationships with others in the community, work occupation, rehab, etc.

2.3.10 Access to essential services

Serbia has significant problems in providing safe water and sanitation to its population. According to the Institute for Health Metrics and Evaluation (IHME), in 2018, 9.3% of the Serbian population was exposed to unsafe drinking water. The picture painted by the World Economic Forum's Global Competitiveness Report is somewhat more favourable—the reliability of the water supply index in Serbia in 2018 was 5.2 (1-7 (7 = best)). In 2015, only 24% of people used safely managed sanitation services, compared to 29% fifteen years ago. According to the Institute for Public Health 'Batut', out of 154 public water supply systems in Serbian towns, 94 (or 61%) have 'satisfying' quality of drinking water. According to SIPRU (2020), 159 settlements (22.65%) concentrated in 51 municipalities do not have access to clean water, in which 32 843 Roma (19.55%) live. No sewers exist in 457 settlements (65.1%), where 93 050 Roma live (55.04%), in 82 local self-government units.

Access to electricity is almost universal, but not everyone can afford it. The percentage of the population with access to electricity in 2016 according to the International Energy Agency estimates is 100%—but according to some estimates at any given moment between 25 000 and 50 000 households are without electricity—either because they do not have access (which is still the case in some small remote villages) or because their electricity supply was cut off because of payment arrears. According to SIPRU (2020) 24 104 Roma living in 64 substandard settlements located in 35 municipalities have no access to electricity. By crossing the data, 44 settlements (6.3%) with 14 001 Roma (8.3%) in 13 local self-government units (13.8%) have no water, sewerage or electricity.

Serbia's energy system is inefficient with high ratio of energy consumed to real GDP. A cross-regional comparison shows that the efficiency of the Serbian energy system is one of the lowest, and energy intensity is amongst the highest (the ratio of energy consumed to real GDP), which is a result of energy-intensive industries, energy-inefficient technologies used in households, industry and energy sectors, poorly insulated buildings, and comparatively low energy prices. In recent years, Serbia has managed to reduce final energy consumption by 1% yearly, in that way barely fulfilling the commitment stemming from its membership in Energy Community. The building sector

has a huge potential for energy savings and has been identified as one of the most important in improving energy efficiency in Serbia. The biggest challenge will be to reduce energy consumption in residential buildings that account for 75% of all buildings. Between 2012 (when energy passports were introduced for the first time) and April 2019, Serbia issued a total of 3 125 energy passports for new and old renovated buildings. 2013 SILC data show that 18.3% of respondents in Serbia live in households unable to keep their home adequately warm, and as many as approximately 37% of households have arrears on their utility bills, which is above the EU average (Bajic and Petric, 2015).

The economy adopted regulations, performed the typology of residential buildings and trained experts in this field, which served as the basis for the introduction of Central Register of Energy Passports (CREP). CREP is a software system in which energy efficient engineers enter data on energy certification of buildings and which allows monitoring the improvement of energy efficiency in buildings as well as sources of financing in this area. CREP is also a register of licensed energy.

Serbia has solid transport networks and services, but train services are relatively poor. The World Economic Forum's Global Competitiveness Report ranks Serbia at place 19 of 140 economies according to the kilometres of railroad per 1 000 square kilometres of land, with railroad density (km of roads/square km) of 43.1. However, Serbia ranks far lower, at place 87, according to the efficiency of train services. In the airport connectivity index measuring the degree of integration of an economy within the global air transport network in 2018, Serbia ranks at place 76.

Access to financial services is far from universal, especially for the lower educated and young citizens. In Serbia, the percentage of citizens with bank accounts (62%) comes close to the regional average, but lags behind developed economies (nearly 100%). According to the World Bank, the highest risk of financial exclusion in Serbia is faced by youth and those with low educational attainment, the rural population and the poorest 40% of the population face "medium" risk, while those with higher education, the richest 60% and the urban population fare considerably better. A positive aspect is that women are equal to men, and in this respect, Serbia is among the most successful economies in the region. By the criterion of obtaining credit from a financial institution, women in Serbia are even at an advantage compared to men. The financial infrastructure is underdeveloped in Serbia. For example, the number of branch offices per 100 thousand people is the smallest in the region, while only Bosnia and Herzegovina has a smaller number of ATMs per 100 thousand people (Golicin and Nenadovic, 2015).

Digital skills are moderately developed. Individuals' level of digital skills indicator for Serbia was 46 in 2018, 39 in 2016 and 32 in 2014. In the EU this number was above 560 in those years. According to the Global Competitiveness Report, in 2018 67.1% of Serbian population had access to the internet, ranking Serbia at place 57 of 140 economies observed, while in the same year there were 124 mobile subscriptions per 100 citizens (position 55). In 2019, Serbia had a GCI score of digital skills among population of 4.09 (down from 4.23 in 2017 and 4.16 in 2018), slightly below world average score. The score is higher than any of other Western Balkan economies, but lower than in China (4.66) or India (4.43) and most other Asian countries. The vast majority of households use mobile phones, and three quarters 70% use computers. According to SORS (2020) data on ICT use, 94.1% of households owned a mobile phone in 2020, 52.3% owned a laptop, and 74.3% of households in Serbia had a computer, which is an increase of 1.2% and 2.2% in relation to 2019 and 2018, respectively. The percentage of computers in households varies as to the territory: in Belgrade it amounts to 91.5%, in Vojvodina 66.8%, in Šumadija and Western Serbia 68.6% and in Southern and Eastern Serbia 71.2%. In 2020, 81% of households had internet access, which is an increase of 0.9% compared with 2019 and of 8.1% compared with 2018.

3 Conclusion

In 2020, the COVID-19 pandemic created enormous challenges for the entire population of Serbia, threatening people's health, jobs and living standards. The government's proactive attitude toward the health crisis and financially impressive near-universal support to businesses and citizens alike certainly significantly cushioned the overall effects of the crisis. In most socio-economic indicators in 2020, Serbia fared better compared with its regional peers. However, not all population groups were given the amount of attention and support proportional to their exposure to health and socio-economic risks. Especially difficult was the situation of Roma living in substandard settlements. Two landmark pieces of research, one of which was conducted during the first several months of COVID-19 pandemic, documented the health and educational disadvantages faced by Roma children and adults, the absence of basic services in substandard Roma settlements such as electricity, clean water and sewerage, and offered a glimpse into extraordinary hardship experienced by the Roma communities due to mobility restrictions and reduced possibilities for subsistence work.

In most of the reviewed policies and principles that are part of the European Pillar of Social Rights, Serbia performs below average relative to European Union standards. While in some areas this assessment is expected and in a certain way unavoidable, since Serbia is poorer than any one of the EU Member States, in some other fields that are less dependent on the level of national income, such as those closely related to social protection, equality and exercise of basic human rights, it is less justifiable. Serbia's shares of public revenues and public expenditure in GDP are quite close to the EU average, and consequently its performance with regard to social inclusion, social protection, income equality and poverty alleviation could be improved by re-orientating of policy priorities and reshuffling of the tax-benefit system. The government's Employment and Social Reform Programme is envisaged as a strategic process parallel to the European integration process as the main mechanism for dialogue on priorities in the areas of social and employment policy.

In the field of equal opportunities and access to labour market, Serbia performs below the European Union average. Education is generally inclusive and of good quality, but some groups are left behind, especially children with Roma background and children with disabilities. The gender gap in the labour market is reflected in the first place in above-average gender employment gap, while the gender pay gap is lower than average. The equal opportunity principle enshrined in the Constitution is challenged in practice on the grounds of gender, age, disability status, sexual orientation, ethnic affiliation etc., however the public awareness campaigns and establishment and activities of independent protection bodies have brought about some improvements in this field. Active support for employment is limited due to insufficient funds available, but also to some extent due to of the limited orientation of active labour market policy to support the most vulnerable groups in the labour market. The newly adopted Employment Strategy in RS 2021-2026 and accompanying Action Plan 2021-2023 more precisely determine the groups of hard-to-employ persons which should have priority for inclusion in ALMPs, which is incorporated in the concept of each measure.

The reduction of workers' rights has quite likely gone too far. While amendments to the Labour Law in 2014 shifted the pendulum from 'secure' toward 'adaptable' employment, it is debatable if this has been an overall improvement or not. The Labour Law reform has not reduced the discrepancy in rights between the open-ended employment contracts and other forms of employment and

work. Precarious work remains a serious problem and recent changes in regulation of agency employment and seasonal employment have apparently not brought the expected positive changes. The divergence of very low levels of real and nominal wages from the EU average has only recently started to be reversed and it is encouraging to see the increase in average wage continued into 2020. Social dialogue is underdeveloped, at times conflictual and not consistently supported. Overall, while recent reforms have favoured employers rather than employees, the exogenous improvement in labour market situation and increasing emigration of the labour force suggests that the balance of power is gradually shifting toward workers.

The field of social protection and social inclusion is one of the most challenging. Beneficiaries of social protection rights or services are individuals or families who face obstacles in meeting their needs, as a result of which they cannot reach or maintain the quality of life, or who do not have sufficient funds to meet basic living needs and cannot achieve this through work, property income or from other sources. Support to vulnerable children and families with children is quite limited and ineffective in lifting almost 30% of children above the risk of poverty. Access to social protection for workers outside of employment contracts is limited. The only true minimum income programme, financial social assistance, has little leakage but the amounts are too small and with incomplete coverage it suffers from significant error of exclusion, further lowering its impact on poverty reduction. The outbreak of COVID-19 put the spotlight on vulnerable situation of Roma in substandard settlements, who on top of usual hardship faced restrictions in mobility and work opportunities. Poor people in rural areas are often denied FSA due to rigid asset testing rules. The pension system generates extensive intergenerational and within-generational inequalities and is regressive in its character, implying income transfers from future generations of pensioners to current ones, as well as transfers from non-participants to participants in the pension insurance scheme. These inequities should be remedied by the gradual introduction of universal or quasi-universal pensions financed by general government revenues that are at present used to top-up current pay-as-you-go pensions.

To sum up, the social protection system, while in some areas is supporting inclusion, reducing poverty and enhancing equality, in other areas is less effective in addressing poverty and inequality. This appears to be one of the most pressing problems facing the challenging field of social rights in Serbia. Work is in progress on reforming several social protection policies and documents. Closely connected to it is the issue of labour and employment rights and the relative ineffectiveness of narrowly understood employment and social policy to address precarity and informality in the labour market. Reforms that have the potential to increase employment, such as significant reduction of very high social insurance contribution rates, which would be welcomed by both employees and employers, are currently both beyond interest and reach of policymakers.

The sizeable government intervention of some 13% of the GDP in 2020, providing financial relief in near-universal fashion to firms and citizens alike, has proven that in extraordinary times there are resources to support jobs and incomes of the population. Whether these by design one-off measures can leave a more lasting imprint on the perceptions of the government and the population on the need for more solidarity and inclusion in 'normal times' that are supposed to return, remains to be seen. With the ongoing experience of the pandemic stretching the social and economic fabric of Serbia, a critical rethinking of the ways and means to achieve a more inclusive society and more integrated labour market within a broad dialogue involving social partners, the academic community and civil society is urgently needed. This dialogue should be inspired and guided, in light of the European integration perspective of Serbia, by the principles enshrined in the European Pillar of Social Rights.

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