

Employment and Social Affairs Platform 2

# Performance of Western Balkan economies regarding the European Pillar of Social Rights

## 2022 REVIEW ON SERBIA



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## #ESAP2

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# Abbreviations

<b>ALMP</b>	Active Labour Market Policy
<b>COVID-19</b>	Coronavirus disease of 2019
<b>CSW</b>	Centre for Social Work
<b>ECEC</b>	Early Childhood Education and Care
<b>EPC</b>	Equality Protection Commissioner
<b>ESC</b>	Economic-Social Council
<b>EU</b>	European Union
<b>EUR</b>	Euro
<b>EU-SILC</b>	European Union Statistics on Income and Living Conditions
<b>FSA</b>	Financial Social Assistance
<b>GDP</b>	Gross Domestic Product
<b>HBS</b>	Household Budget Survey
<b>HIV/AIDS</b>	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
<b>ICT</b>	Information-Communication Technologies
<b>ILO</b>	International Labour Organisation
<b>IPH</b>	Institute of Public Health
<b>LFS</b>	Labour Force Survey
<b>LGBTI+</b>	Gay, Lesbian, Bisexual, Transgender, Queer, Intersex and Asexual
<b>LI</b>	Labour Inspectorate
<b>LTC</b>	Long-term Care
<b>MoLEVSA</b>	Ministry of Labour, Employment, Veteran and Social Affairs
<b>NAP</b>	National Action Plan
<b>NEET</b>	Not in Education, Employment or Training
<b>NES</b>	National Employment Service
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OSHD</b>	Occupational Safety and Health Directorate
<b>PWD</b>	People with Disabilities
<b>RS</b>	Republic of Serbia
<b>RISP</b>	Republic Institute for Social Protection
<b>RSD</b>	Serbian Dinar
<b>SDG</b>	Sustainable Development Goal
<b>SEC</b>	Social and Economic Council of Serbia
<b>SES</b>	Structure of Earnings Survey
<b>SIPRU</b>	Social Inclusion and Poverty Reduction Unit
<b>SORS</b>	Statistical Office of Serbia
<b>UNICEF</b>	United Nations Children's Fund
<b>YG</b>	Youth Guarantee

# I. Executive summary





**In relation to the European Union standards, Serbia performs poorly in most of the reviewed policies and principles that are part of the European Pillar of Social Rights.** In 2022, the overall social policy and social rights conjuncture of the economy has been showing signs of (re)emerging developmental orientations and recovering from the COVID-19 crisis.

**In terms of providing equal opportunities and access to labour market, Serbia mostly performs below the EU average.** Serbia has been progressing in this domain mostly concerning legislation, which is broadly in compliance with the EU standards. However, even with the adoption of some regulations, such as those prohibiting discrimination, especially of the LGBTI+ population, the operationalisation of some of the legal principles, such as those on gender equality, remains unresolved. In line with other legal advances in the economy, the Strategy of the Prevention and Protection from Discrimination 2022-2030 was enacted in January 2022, along with its action plan. Nevertheless, the implementation of the legislation and related strategies remains as the most pressing challenge in this domain.

**Education in the economy is mostly inclusive,** although some social groups are left behind, especially children and youth with Roma background and those with disabilities. The quality of education was supposed to be ensured by continuous processes of monitoring and accrediting; however, the current situation of the labour market indicates that education in Serbia is still not responsive to labour market needs, nor is it modernised to an adequate level. The gender gap in the labour market is reflected in an above-average gender employment gap, whilst the gender pay gap is lower than average. In practice, equal opportunities are daily challenged on the grounds of gender, age, disability status, sexual orientation, ethnic affiliation, etc. However, public awareness campaigns and the establishment of activities of independent protection bodies have brought

about some improvements in this field. Violence against discriminated groups in numerous spheres of their private and social lives, especially against women and girls, is the most prominent problem in Serbia. Active support to employment is limited as these activities constantly struggle with insufficient funds. However, the Law of Social Entrepreneurship of 2022 is expected to change this situation to certain extent.

**Concerning the establishment of fair working conditions, Serbia performs below the EU average.** Serbia has not been progressing well in ensuring secure and adaptable employment, minimum wages, employment conditions and protection from dismissal, social dialogue, work-life balance, occupational health, and safety and data protection, even from the point of view of legislation. The most important law in the field, the Labour Law, which was enacted in 2005, is largely not compliant with the EU acquis. The most pressing challenge in practice is the widely occurring phenomena of prolonging fixed-term contracts for an indefinite period of time, and the reoccurring processes of extremely aggravated transitions of informal labourers into official contractual employment. Recently, the employment of foreign labourers also started to become challenging. Newly enacted laws regarding the social insurance of prospective employees and their occupational and health safety brought some additional tensions to the labour policy arena. Work-life balance is especially hard to be achieved by women in employment. The Economic-Social Council and labour unions are ineffective and given the lack of devotion of the Government to support their activities, processes of social dialogue are minimised. The limited capacity of the Government to tackle the challenges experienced by the economy in terms of enabling fair working conditions for workers is a result of its efforts to balance the demands made by large employers and the provision of employment for as many people as possible. Even though recent reforms have favoured employers rather than employees, the exogenous improvement in the labour market

and increasing emigration of the labour force suggests that the balance of power is gradually shifting towards the workers and their demands.

**In the field of social protection and inclusion, Serbia performs below the EU average and the performance of the economy in certain aspects of the field is critical.**

This especially relates to the domains of childcare and support to children, minimum income, and access to essential services. Support to children and to families with children is quite austere and may sometimes be considered unjust especially in the cases of families with more children. The provision of these support measures also displays signs of ineffectiveness, as it fails to lift more than a fourth of all children above the risk of poverty. As a measure of financial social assistance, the minimum income programme is equipped with good targeting mechanisms, but the amounts of financial assistance provided by the programme are too low and its coverage remains insufficient to have a more pronounced impact on poverty reduction. In 2021, the percentage of beneficiaries of the minimum income programme has been on decline to account for as little as 2.8% of the population, whereas at-risk-of-poverty rate stood at 21.2%. Poor people in rural areas and the elderly are often denied financial social assistance due to rigid asset testing rules and obligations of family members towards each other, respectively. Able-bodied beneficiaries of the financial social assistance are also vulnerable, due to the lacking activation approach. The October 2022 ruling of the Constitutional Court on the by-law which envisaged to enable their activation, as it is not in compliance with the Constitution, opened space for involved stakeholders to finally execute the important task of co-producing the activation strategy. This strategy will be central in empowering beneficiaries of the programme and as it is developed, it should incorporate their perspectives as much as possible. In terms of access to essential services, the availability of these services is especially problematic for the Roma population, who to a large extent is deprived of water, sani-

tation, and energy. Moreover, as Roma communities often live in sub-standard settlements, their fragile housing situation can easily deteriorate and lead them into the condition of homelessness.

Access to social protection for workers outside of formal employment contracts is limited. The sustainability of the public insurance system is improving, but it is still at risk. Moreover, its fiscal sustainability is achieved at the cost of the decreased adequacy of benefits in pensions and unemployment benefits, as well as the decreased quality of services, foremost health services. Long-term care is fragmented and mostly relies on informality. The situation of people with disabilities has not been substantially improved, but the Strategy for Deinstitutionalisation and Development of Community-Based Services 2022–2026 of 2022 is expected to better support their life and integration into their communities in the future. Homelessness is not particularly addressed by any public policy since many strategies and reforms have circumvented their situation.

**In sum, while the social protection system is supporting inclusion in many areas, enabling advances in reducing poverty and enhancing equality, it is less effective in addressing poverty and inequality in other areas. This appears to be one of the most pressing problems Serbia currently faces in the field of social rights. There is progress underway in reforming various social protection policies and documents, although evident delays in meeting the deadlines set for them by the government itself for their establishment and adoption are a cause for concern.** Closely connected to these shortcomings is the issue of labour and employment rights and their relative ineffectiveness to address precarity and informality in the labour market as a result of a narrow understanding and approach to employment and social policy. The development of policies and strategies in the field of social policy should be more consistent with the principles enshrined in the European Pillar of



Social Rights, in line with Serbia's devotion to the European values, as guaranteed in its Constitution.

## II. Introduction



**In 2022, Serbia has shown signs of recovery from the COVID-19 crisis and of emerging developmental orientations in the domain of social policy and social rights.** Key political, economic, and social institutions found themselves under prolonged strain to ensure that basic health and social services remain accessible to the public, while simultaneously attempting to focus on the realisation of fully-fledged social rights for the general population and especially for vulnerable groups. However, in the process of exiting the COVID-19 crisis, not all social groups were given adequate support which was proportional to their exposure to risks.

**As a consequence of a changing paradigm in the economy's approach towards social policy and social rights, which has gradually moved towards approaches based on individual responsibility and cost containment, the scope of social policies in Serbia has been growingly narrowed and tightened.** Since the beginning of the 1990s, the reforms on the field have irreversibly changed the contexts and concepts of social policy and social rights in Serbia. These reforms have been dominated by narratives of constant crises and economic concerns, which have resulted in a questionable provision of the preconditions for the welfare of the population, especially for vulnerable groups. Within this context, social policy and social rights have been given minor attention within the process of European integration and the overall socio-economic progress of the society.

Nevertheless, Serbia is signatory to international conventions and documents relevant to various domains of the European Pillar of Social Rights, which are accordingly operationalised in public regulations. As a signatory to the UN 2030 Agenda for Sustainable Development, Serbia is expected to achieve the Sustainable Development Goals by 2030, especially the principle of “leave no one behind”, the implementation of which is being monitored based on internationally comparable indicators. Finally, within its strategic orientation

towards acquiring membership in the European Union, Serbia has been investing in the harmonization of its existing social and labour legislation with the EU acquis. The institutional framework responsible for this process mainly relies on the Ministry of Labour, Employment, Veteran and Social Affairs (MoLEVSA), which has been making significant efforts to improve the domain of social policy and social rights with the limited human and financial resources available. Numerous civil society organisations, both domestic and international, have long been actively contributing to these harmonisation efforts, through the co-production of social policy, the direct provision of services, or through advocacy efforts aiming to ensure the rights of vulnerable groups.

**The processes of social policy design, implementation, and monitoring have been improved.** These advances are visible in terms of designing policy measures based on consultations with the public and civil sectors, performing policy analysis when drafting strategies, documenting objectives, and measuring the process of achieving these with evidence, etc. The capacities for data production have been improved, which is an important development as it facilitates the evaluation of designed measures and their impact, as well as enabling the re-design of public policies. Social policy, social rights, and the social situation in general in Serbia are monitored by a wide array of governmental and non-governmental stakeholders, albeit with certain gaps, as demonstrated in throughout the report.

**The infrastructure of governmental stakeholders which oversee data production is developed, but the data developed by these stakeholders varies in quality and is sometimes characterised by limited usability, especially when this information is not produced or made available in a timely manner.** The main governmental actors responsible for the provision of these services are the Statistical Office of Serbia (SORS), which acts as the main producer of primary data from house-



hold surveys and from public accounts, and the MoLEVSA, acting as the main producer of primary administrative data. The Republic Institute for Social Protection (RISP) collects and reports on the data from the social care sector, including information arising from the work of centres for social work (CSWs) and social care facilities, while social insurance funds and the National Employment Service (NES) produce data regarding the health, pension and unemployment insurance, as well as active labour market policies (ALMP). The Institute for Public Health (IPH) 'Batut' produces detailed statistics related to public health. The Social Inclusion and Poverty Reduction Unit (SIPRU), an externally funded project under the supervision of the Prime Minister's Office, collected information and coordinated projects in various fields of importance for social inclusion until January 2022, when its work was discontinued. Independent official bodies, including the Ombudsperson, 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.

**The arena of non-governmental stakeholders producing relevant data is rather dynamic and fragmented, but it offers important insights into specific topics and more importantly into user's perspectives.** The Belgrade Centre for Human Rights is dedicated to analysing the general state of human rights, including the production of detailed annual legal assessments of the state of human rights in the fields of labour, employment, and social policy. The Foundation Centre for Democracy and the AII Initiative for Economic and Social Rights monitor legal and economic aspects of labour and employment policy. Additionally, another think-tank, the Centre for Social Policy, is active in the analysis of social policies and data at the central and local level. The Foundation for the Advancement of Economics follows and interprets employment and social policy trends, making use of their own microsimulation tax-benefit model for

scientific and policy purposes. Furthermore, in cooperation with another think-tank, SeCONs, the organisation produces quarterly monitoring reports analysing the social conjuncture of the economy. International organisations, such as the UNICEF and ILO, produce valuable data in their respective fields of competence, on top of offering capacity-building expertise to both governmental and non-governmental organisations.

### III. The Serbia's performance in the 20 principles of the European Pillar of Social Rights (Pillar) and Action Plan



## A. Equal opportunities and access to the labour market

### I. Education, training, and life-long learning

**Article 71 of the Serbian Constitution stipulates the right to education to everyone. The laws and strategies in place have incorporated and operationalised regulations in relation to education, training, and life-long learning.** Some of the most important pieces of legislation in the domain are the Law on the Foundations of the Education System, the Law on the Education of Adults, the Law on University Education, the Law on the National Framework of Qualifications, and the Law on Regulated Professions and Acknowledging of Professional Qualifications. The Strategy for the Development of Education, enacted in 2021 and operational up to 2030, strives to provide quality education to the population in order to enable them to achieve their full potentials, with a special focus on children and youth (Government of Serbia, 2021a). The Strategy was followed by the Action Plan for the period of 2021 to 2023 which listed the following targeted indicators, among others: decreased drop-out rates from primary (from 0.6% to 0.3%) and secondary (from 1.1% to 0.5%) education, increased percentage of pupils living in Roma settlements who completed primary education (from 64% to 66%), improved effective rate of transition of pupils living in Roma settlements into secondary education (from 55% to 57%), enhanced rate of completion of secondary education of pupils living in Roma settlements (from 61% to 63%), increased percentage of participants in adult education and training (from 4% to 6%) and decreased NEET (from 18.9% to 15%) (Ministry of Education, Science and Technological Development, 2021).

**Despite the normative and institutional frameworks in place, the implementation of educational and training policies has ex-**

**perienced difficulties. The major disadvantage comes from the non-compliance of education and training systems with the labour market needs.** This results in deficits and/or surpluses of certain secondary and university qualifications. There have been efforts to make education and training basic leverages for the economic development, but the progress in harmonising these sectors is moderate and slow. This is a reflex of the currently existing dual secondary education; whereby secondary school graduates have been assessed to not have sufficient and adequate knowledge and skills for employment. In the 2022/2023 school year, there have been 65 dual education profiles, with 168 secondary schools involved in their education, covering 5.16% of the total number of first year of secondary school pupils. The model of dual education in universities started as late as in the school year of 2021/2022, offering 36 dual study programmes, and counting with 10 faculties involved in the conduction of these educational programmes in partnership with 95 companies. In November 2022, the Government established the Office for Dual Education and the National Qualification Framework to monitor the compliance of the labour market needs and the education system. The establishment of the Qualification List and the application of the Code of Professions within the Single Education Information System, and especially the Registry for National Qualification Framework, which comprises currently 4,654 qualifications and 80 qualification standards, is also expected to facilitate this fine-tuning process (Government of Serbia, 2022a).

**There have been efforts to evaluate structural reforms which would have a positive impact on economic competitiveness and youth employment, as well as leading to a reduced shortage of competent professionals.** In that regard, the reform titled 'Qualifications



oriented towards needs of the labour market' was analysed in the draft version of the Economic Reforms Programme for the period of 2023 to 2025, developed in December 2022. In 2023 and 2025, this reform aims to increase the number of dual study programmes to 34 and 38 respectively, and to increase the percentage of secondary school pupils of the first year covered by dual education to 9.5% and 12% respectively. It also aims to establish 6 regional training centres by 2023 and increase their number to 12 in 2026, as well as to increase the number of qualifications available at the European Qualification Portal from the current 80 to 180 in 2025. Another analysed potential activity is conducting more vigorous investing into adult education and training. Currently, these programmes cover 4.8% of the population aged 25-64 years in 2021, which is a ratio 2.25 times lower than in the EU. Nevertheless, recent data on continuous vocational training show that almost half of companies in Serbia (49.2%) implement some kind of continuous training for their employees (Government of Serbia, 2022a). Training is also a part of active support to employment, as presented in section 4 of this subchapter.

**In addition to the low coverage of adults with education and training, the coverage of children and youth with access to education depends on numerous variables.** The most important of these include the level of education, geographic area, ethnicity, and the economic situation of households. Gender differences persist in education, with girls and boys being more prone to pursuing traditionally "female" and "male" professions in secondary and university education.

**In the school year of 2020/2021, a total of 1,214,733 children and youth were enrolled in the public education system.** Out of that number, Early Childhood Education and Care (ECEC) accounting for 17.8% of students (as discussed in more detail in the first section of the last subchapter), primary education amounting to 41.9%, secondary education to 20.3%, and tertiary

education accounting for 20% of students (Statistical Office of Serbia, 2022a). In primary education, coverage is slightly smaller than in the previous school year and accounts for 95.7% of the population. Nearly all pupils (99%) continue education after completing primary education, but coverage in secondary education is of 86.1% due to the drop-out of pupils after enrollment to secondary schools (Government of Serbia, 2022a; Statistical Office of Serbia, 2022a). The number of pupils enrolled in primary and secondary education has decreased by 1.3% and 0.5% respectively, as a result of demographic trends (Statistical Office of Serbia, 2022a). Drop-out rates for primary and secondary education are rather low comparatively, amounting to 0.6% and 1.1% in 2020, respectively (Government of Serbia, 2021a). In 2021, the rate of early leavers from education and training (aged 18-24) stood at 6.2%, an increase of 0.7 percentage points from 2020 (Eurostat, 2023a). In this regard, Serbia performs better than the EU average, where these rates stood at 9.7%. In Q3 2022, this rate was further decreased to 5.1% (Statistical Office of Serbia, 2022b). In 2019, the coverage of Roma children with primary and secondary education was of 92% and 28%, contrary to the coverage of non-Roma children, of 99% and 94% respectively (UNICEF, 2020). Finally, in 2020/2021, the number of students at the university level amounted to 243,952 individuals (Statistical Office of Serbia, 2023a), resulting in the coverage of students attending faculties and higher schools of 56.2%, which is an increase of 0.2 percentage points compared to the previous school year (Statistical Office of Serbia, 2022a). Public faculties have long ago introduced a quota for the Roma students and students with disabilities, with to the aim of enhancing their education enrollments and attainments.

**Public expenditures for education remained stable, despite being lower than in the EU member states.** In 2021, investment in education accounted for around 3.5% of GDP and in 2022, 3.42% of GDP. Education accounted for around 13% of total budgetary expenditures (Government of Serbia, 2022a).

**In 2022, the efforts of the Ministry of Education aimed to decrease the mismatch between the education system and labour market needs.** One of its most important projects was the formation of the Single Information Education System, whose purpose is to enable insights into the process and quality of education in the economy, by means of monitoring all relevant indicators of the education system. An improved link between the system and the labour market is planned, with the intention of offering information about university programmes, the duration of an average waiting time for a job per profession, the average wage in respective sectors, etc. (Government of Serbia, 2022a).

One of the Ministry's prioritised activities was to finalise the rules applicable to pupils taking final examinations when graduating from secondary education, with the expected impact of substantially changing the entrance criteria for university education. Regardless, the process of harmonising these rules with all relevant stakeholders has not been sufficiently transparent and has been delayed several times, despite the strong will of the Ministry to implement the new final examination criteria in 2024. In the process of public consultations and via their highly ranked official bodies, the majority of public universities expressed their concerns about the effects of the reform. These apprehensions range from reservations regarding the still underdeveloped rules and criteria for the final examination to the integrity of final examinations. Most importantly, concerns have been raised on the preservation of the principle of the autonomy of universities, which includes, among other aspects, their jurisdiction in the determination of rules for entrance examinations.

**In 2022, there have been media reports about different types of violence at all levels of education.** Some primary and secondary schools were reported to be spaces where peer violence was present, but there was also a report of violence against a teacher who was a victim of violent acts from secondary school pupils in Trstenik. This was highly disturbing for the public and

kicked off a heated debate in society. The media was also at the forefront of reporting cases of sexual harassment at the university level.

**The impact of COVID-19 in education in 2022 was not direct.** As of the second semester of 2022, i.e. mid-January 2022, primary and secondary education was organised through regular classes in the schools. There is currently no data available to measure the impact of COVID-19 in the school achievements of pupils and students.

## 2. Gender equality

**Article 15 of the Serbian Constitution guarantees gender equality and the development of policies ensuring equal opportunities.** Furthermore, as a symbolic gesture, Serbia will be marking 11 June every year as the Day of Gender Equality.

**Serbian laws have incorporated and operationalised regulations in relation to gender equality,** as illustrated by the gendered attributes of the Labour Law and the Law on Discrimination Prohibition. The most important legislation piece in this field, the Law on Gender Equality, was enacted in 2021. In article 7 of this Law, policies of equal opportunities and measures for gender equality improvement are defined, while article 12 stipulates the gender segregation of relevant statistical data, including data on unpaid household work, in addition to obliging public authorities to monitor, plan, implement and publish results of policies of equal opportunities. Labour, employment, and self-employment are the first listed areas of action (out of 16 in total) and the Law stipulates general and special measures to be devoted to the promotion of gender equality in these areas. In this context, article 27 of the Law determines that the NES and employment agencies are obliged to provide equal employment opportunities to women and men, including ensuring the equal availability of managerial roles and positions, career paths, working hours, flexible arrangements necessary for work-family balance, leave from work, wage,

training and education, etc., as defined by article 28, in both public and private companies, as established by article 29 of the Law on Gender Equality. Despite the slow progress in its designing, the Law addressed some gaps of the previous law in the field, including the gender terminology which was vigorously debated in the public. Civil society organisations, including the feminist activists, participated in the production of the Draft Law, and its enactment was welcomed by experts and professionals in the society. Nevertheless, there are still concerns about the operationalisation of some principles of the Law and its implementation.

### **Three strategies of importance for achieving gender equality were enacted in 2021.**

The Employment Strategy for the period of 2021-2026 envisions a stable and sustainable growth in employment underpinned by knowledge, having the promotion of decent work as its goal, while also envisaging that employment and unemployment rates are monitored not only for the general population, but also for women separately. One of the Strategy's specific objectives, improved labour market position of the unemployed, targets women specifically. It foresees a gender-sensitive approach in employment policy, which is based on gender-disaggregated data as well as gender-responsive budgeting (Government of Serbia, 2021b). Moreover, the principle of gender-responsive budgeting has been introduced in the ALMP. In 2022, based on a proposal from the Ministry of Finance, 47 direct budgetary users which were involved in the process of a gradual introduction of gender-responsive budgeting, were obliged to formulate their gender-responsive goals and indicators (Beogradski centar za ljudska prava, 2022a).

The Gender Equality Strategy for the period of 2021-2030 aims to overcome the gender gap and achieve gender equality (Government of Serbia, 2021c). In 2022, the Strategy was followed by the proposals of the Action Plan for 2022 and 2023, which seeks to sustain the Gender Equality Index value in two dimensions in the fields of labour and pay in 2022, as in 2018, while the third dimension,

education, was not prescribed a targeted value. The gender pay gap was targeted to be decreased from 8.8% as in 2018 to 7% and 6% in 2022 and 2023 respectively (Government of Serbia, 2022b). Finally, the Strategy for Preventing and Combating Gender-Based and Domestic Violence against Women for the period of 2021-2025 aims to create a society without violence for women and girls, which respects their dignity and human rights, efficiently prevents all kinds of gender-based violence and domestic violence and offers adequate protection and support to victims (Government of Serbia, 2021d).

### **Even though the normative and institutional frameworks are broadly in place, the process of implementation of these frameworks has been experiencing difficulties.**

**Despite improvements, in 2022 women remained at a more disadvantaged position in the labour market compared to men in terms of employment, contrary to unemployment.** According to the LFS, in Q4 2022, the female employment rate stood at 43.5%, while the male employment rate was of 57.2% (Statistical Office of Serbia, 2022b), thus resulting in gender employment gap of 13.7 percentage points. In 2021, the gender employment gap was even higher, standing at 14.9 percentage points, well above the EU average of 10.8% (Statistical Office of Serbia, 2022c). The elevated gender employment gap is mainly a result of the low activity of women in the labour market. Among other factors, this is a consequence of the lower statutory retirement age for women, underdeveloped flexible working arrangements which are often connected with insecurity even when existent, unpaid care work obligations for younger and elderly family members, traditionally understood as a role to be undertaken by women, and the discriminatory treatment of young women upon entering the labour market (European Centre for Social Welfare Policy and Research, 2022; European Commission, 2021). In 2021, the rate of the female population outside of the labour force was 15.9 percentage points higher than that of the male population, although this



disparity decreased to 14.8 percentage points in Q3 2022. In 2021, women outnumbered men in terms of unemployment by 1.9 percentage points, a situation which was reversed in Q4 2022 when men outnumbered women in terms of unemployment by 0.7 percentage points (Statistical Office of Serbia, 2022c; Statistical Office of Serbia, 2023c).

According to the latest comparative data for women and men in Serbia, referencing the year of 2019, only university educated women outnumbered university educated men in employment. The employment rate of university educated women is 1.3 percentage points higher than the employment rate of university educated men, standing at 72.3% and 71%, respectively. The highest employment gap occurs among women who have only finalised elementary school and women who have not completed school, where the difference in comparison to men stood at 30.2 percentage points. The second largest employment gap was present among women who had secondary school education, whereby the gap compared to their male peers stood at 15.7 percentage points. In terms

of civil status, the employment rates of married women amount to 66.1%, vs. the employment rates of married men of 62.3%. Regarding age, the biggest employment gap is in the age cohort of 55-64 years, where the difference between men and women of the same age group stands at 20.3 percentage points. Women are prevalent among those working part-time, those leaving their jobs due to care work obligations, and those who are long-term unemployed (Statistical Office of Serbia, 2020a).

**Women are also paid less than men.** According to data from the Wage Statistics, in 2021 men earned wages that were on average 12% higher than those received by women. In the same line, men earned wages that were 9% and 16% higher in the public and private sectors, respectively (Statistical Office of Serbia, 2022d). This is an aggravation compared to 2020, when men earned on average 10% higher wages (Statistical Office of Serbia, 2021a). These numbers are consistent with data on the sectors of higher employment of women, in which the wages are lower. However,



this data overshadows an even worse situation of inequality in the labour market, since women have better education attainments compared to men.

In 2018, the gender pay gap in the economy stood at 8.8% (Statistical Office of Serbia, 2020a). Independent researchers estimated an unadjusted wage gap of 4.5%, and an adjusted figure of 13.8% (European Centre for Social Welfare Policy and Research, 2022). The average old-age and disability pensions of women and men also differ, as men are entitled to old-age and disability pensions higher by 3.9 and 13.2 percentage points respectively compared to their female peers (Statistical Office of Serbia, 2020a), as a consequence of lower wages during the professional career.

**Serbia performs inconsistently in relation to SDG 5 – Gender equality.** In 2021, Serbia scored 2 out of 3 in adopting and strengthening sound policies and enforceable legislation for the promotion of gender equality and the empowerment of women and girls at all levels. The indicator of recognising and valuing of unpaid care and domestic work has been underperforming, as a result of women and men dedicating considerably different amounts of time to these activities, considering that women engaged in unpaid care and domestic work for 19.2 hours per week, while men only dedicated 8.7 hours per week to these activities (Statistical Office of Serbia, 2022d). In 2021, the annual monetary value of unpaid care work performed in households mostly by women was of EUR 9.2 billion, or 21.5 % of GDP (European Commission, 2022). In 2020, the proportion of women in the public and local assemblies stood at 38.8% and 37.2% respectively, consisting of a ratio which has been sharply increasing as of 2000. The percentage of managerial positions occupied by women has been oscillating, amounting to 31.5% of these positions being occupied by women in 2020. The degree in which the legal framework (including the customary law) guarantees women's equal rights to land ownership and/or land control was scored 5 out of 6 in 2019 (Statistical Office of Serbia, 2022d).

**Serbia performs inconsistently in relation to the Gender Equality Index.** In 2021, the third Gender Equality Index was published, based on data from 2018. It amounted to 58 points and indicated continuous but slow progress in improving gender equality. An increase of 5.6 points has been registered compared to the scores attained in 2014, which is significantly lagging behind the EU average of 67.4. In Serbia, out of the six domains composing the index, two show signs of continuous progress, power (46.5) and work (69.4); two show oscillating trends, money (59.7) and knowledge (56.0); and two show no change, time (48.7), due to the lack of data, and health (84.1), due to the factual trends. For the domain of violence, data is available only for one year and trends cannot be monitored yet. Slightly more than a fifth of women aged over 15 have experienced physical and/or sexual violence either by an intimate partner or another person (Babović, Petrović, 2021). According to the Global Gender Gap Report for 2022, with its score of 0.779, Serbia was ranked 23rd (out of 146) globally, and 15th in Europe. It scored best in the domain of political empowerment, followed by the domain of education attainment, while the domain of health and survival was lagging. The domain of economic participation and opportunity was the lowest ranked (World Economic Forum, 2022).

**Violence against women and girls remains one of the most challenging issues regarding gender equality.** At the end of 2021, more than 20,000 stories narrating instances in which women in Serbia suffered violence and did not report it were published on Twitter under the hashtag #Ididnotreport (UN Women, 2022a). In 2021, 20 femicides were registered as a consequence of domestic violence (Autonomni ženski centar, 2022), while the same number was registered in the first seven months of 2022 (UN Women, 2022b). Sectors of social care, police and prosecution have been reporting an increasing number of cases of domestic violence, with women composing the majority of victims (Kuzmanov, Marković, 2021). In 2022, allegations of violence in

maternity wards by hundreds of women were reported by the media. A new National Action Plan (NAP) to address violence against women and girls has not been adopted and a body responsible for the monitoring of femicide has not been established despite proclamations on the matter from the Chair of the Coordination Body for Gender Equality. One of the bottlenecks in tackling this issue is the institutional cooperation among competent stakeholders in numerous cases of domestic violence. The absence of a unified database reporting and monitoring cases of domestic violence prevents the processes of participative designing, budgeting, and implementing of mitigative initiatives in the field of gender equality. Numerous relevant statistical data are still missing and preclude timely analysis and interventions.

**The overall societal context has been increasingly discouraging for the strive towards gender equality, since it has been currently inclining towards patriarchal values. Gender equality has not recovered from the shock of prolonged impact of the COVID-19 pandemic,** when women were at the frontline of the crisis, either in their professional roles of health, pharmacy and social care workers, shop assistants, etc. or in their household roles, as caregivers for children and the elderly.

### 3. Equal opportunities

**The Constitution prohibits discrimination,** counting with provisions which extend to the right to equal legal protection against direct or indirect discrimination based on any grounds. Under this understanding, discrimination does not imply the implementation of 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 (article 21). Furthermore, in accordance with article 58 of the Constitution, the respect for differences is encouraged.

**Domestic laws and strategies have incorporated and operationalised regulations in relation to equal opportunities.** The Law on Discrimination Prohibition, enacted in 2009, was amended in 2021, in order to be fully harmonized with the EU acquis. It introduced new grounds for the prohibition of discrimination (gender, sexual characteristics, level of income) and new types of discrimination (gender and sexual harassment, induction to discrimination and segregation). Moreover, the amended Law focuses on intersectional discrimination, in addition to obliging employers to take anti-discrimination measures in certain situations and public authorities to evaluate the impact of policies related to the rights of materially deprived persons according to the principle of equal opportunities. To a certain extent, the new provisions of the Law also addresses the institutional shortcomings of the Equality Protection Commissioner (EPC), by establishing more timely elections for the EPC. Along with this Law, other anti-discrimination pieces of legislation were enacted, aiming to guarantee equal opportunities to members of groups that are traditionally prone to experiencing discrimination. One of these laws is the Law on Free Legal Aid, based on a premise of providing an equal right to free legal aid, without any discrimination (article 10).

**In January 2022, the Strategy of the Prevention and Protection from Discrimination for the period of 2022-2030 was enacted,** four years after the termination of the previously existing strategy. Its vision is the development of Serbia as an inclusive society, with zero tolerance for discrimination, and where all citizens have equal opportunities and enjoy their guaranteed rights. The overall goal of the Strategy is ensuring equal opportunities for citizens who are under risk of discrimination and to guarantee that they enjoy their rights in an equal manner as others, in addition to working towards an improved efficiency of the system of prevention and protection from discrimination. With this goal in mind, four specific objectives were defined: the harmonisation of



domestic legislation with the international anti-discrimination standards and practices; the systematic introduction of an anti-discrimination perspective in the processes of creation, implementation and monitoring of public policies; efforts to improve equality and heighten the social inclusion of citizens who are under risk of discrimination; and enforcing an improved system of prevention and protection from discrimination (Government of Serbia, 2022c). The Strategy was followed by the Action Plan for period of 2022-2023, which among other propositions prescribes targeted indicators related to the perceptions of citizens regarding discrimination in society. In 2023, 63% consider that discrimination exists in Serbia and 12% of citizens consider that discrimination is sanctioned in the economy, contrary to the figures of 69% and 7% respectively in 2019 (Government of Serbia, 2022d). Other strategies relevant for the domain of equal opportunities are also in place.

**In 2021, the number of complaints reported to the EPC slightly increased compared to 2020. The impact of COVID-19 was clear in 2021, as the leading cause of discrimination complaints was based on the grounds of health, following the same tendency as the one in 2020.** In 2021, discrimination on the grounds of health was the leading cause of discrimination complaints (113), followed by gender (99), age (98), ethnicity (96), disability (86), marital and family status (53). Other grounds for complaints included personal characteristics, membership in political parties and unions, material status, religious or political beliefs, sexual orientation, etc. Still, complaints on the ground of marital and family status generally outnumbered the complaints on the ground of health. Furthermore, discrimination on the grounds of gender and marital and family status are frequently combined in the reported complaints, most notably in the field of labour and employment, primarily in relation to pregnancy and childcare. Complaints were mostly related to the field of employment and labour, followed by activities and measures taken by public authorities

in the fields of healthcare, education and training, social care, etc. (Commissioner for Protection of Equality, 2022).

**Certain groups of women face intersectional discrimination.** This mostly affects the elderly and young women, women with disabilities, Roma women, women from rural areas, migrant women, women living with HIV/AIDS, women journalists, etc. Women who are victims of violence are exposed to discrimination, not only in their everyday surroundings but also in the activities of professionals employed in services to offer support to victims of violence (Commissioner for Protection of Equality, 2022).

**The greatest discrimination on the grounds of ethnicity was reported against the Roma population, representing 77.1% of all the complaints.** Roma discrimination is also intersectional and present in all domains. Refugees, internally displaced persons, irregular migrants and asylum seekers, materially deprived citizens and prisoners were also discriminated in society, as well as the members of LGBTI+ community (Commissioner for Protection of Equality, 2022).

**The introduction of initiatives aiming to ensure the provision of inclusive education “absorbed” numerous children and youth with disabilities into formal education.** The topic of inclusive education was silenced in 2022, and it is plausible to expect that the implementation of initiatives in the field are going to face challenges due to the numerous unresolved issues in establishing better synergies with the goal of enabling the rolling out of inclusive education in the public context.

**In 2022, sexual orientation became a highly controversial topic in society, as discrimination against the LGBTI+ population is strongly coupled with stigmatization.** In spite of the challenges, Europride did happen, as a last-minute event, with extreme uncertainties

about its realisation, after LGBTI+ activists exposed a series of concerns in rolling out the event as a consequence of verbal threats of right-wing politicians, discriminatory statements of certain highly ranked priests of the Serbian Orthodox Church and verbal violence of citizens in favour of “traditional and family values”. A significant progress on drafting the law regulating same-sex partnership in 2020 was ceased in 2021 when the President of Serbia announced that he will not sign the law because of its unconstitutionality (European Centre for Social Welfare Policy and Research, 2022), based on the meaning and interpretation of a family. His act was supported by the Serbian Orthodox Church. Feminist activists have been arguing that this debate will transit into the debate around the prohibition of abortions in Serbia, due to oppositions against this right in society. This debate is combined with the support of the population to policies in which ceremonial-religious elements have been becoming increasingly important.

#### 4. Active support to employment

##### **Domestic laws and strategies have incorporated and operationalised regulations related to active support to employment.**

The Law on Employment and Unemployment Insurance regulates stakeholders in the domain of active support to employment (articles 7 and 40-42) and the funding available to these activities (articles 19 and 59-60), in addition to establishing the rights and obligations of jobseekers regarding the creation of individual employment plans (articles 31-32) and listing ALMP measures (article 43). Individual employment plans are to be established at the latest 90 days after the registration of a jobseeker, whereas those who are hard to employ are prioritised (article 46). ALMP include mediation in the employment of jobseekers, professional orientation and counselling about career planning, subventions for employment, support to employment, additional education and training, incentives for beneficiaries of cash benefits, public work efforts, etc. (articles 44-58). Active support to em-

ployment is also regulated by some sectoral laws in relation to specific groups which are considered vulnerable at the labour market, primarily through the Law regulating the employment of people with disabilities (PWD). In February 2022, after years of delays, the Law on Social Entrepreneurship was enacted to be implemented as of 15 November 2022, with the registration of the first generation of social entrepreneurs. Details on this matter are presented in Annex II.

The 2021 Employment Strategy of Serbia was followed by the Action Plan for the period of 2021-2023, which sets targeted values for 2023 in the fields of employment, activity, unemployment, and vulnerable employment, among others. The employment rate in the age group of 15-64 years is aimed to be increased from 60.7% in 2021 to 62.5% in 2023 (from 67.1% to 69.1% for men and from 54.3% to 55.9% for women). Activity rates are aimed to be increased from 68.1% in 2021 to 71.1% in 2023 (from 74.9% to 78.2% for men and from 61.3% to 64% for women). The unemployment rate is expected to be increased from 10.9% in 2021 to 12.1% in 2023 (from 10.4% to 11.6% for men and from 11.5% to 12.8% for women). Finally, the proportion of vulnerable employment is aimed to be decreased from 24.3% to 23.8% (Government of Serbia, 2021e).

##### **The key stakeholder in providing active support to employment is the National Employment Service, which is in charge of implementing active labour market programmes. In 2021, the costs of ALMP accounted for 0.1% of GDP.**

The overall budget (i.e. the government budget, local budgets, NES budget and IPA funds) devoted to this purpose accounted for RSD 6.70 billion (roughly EUR 52 million) (Government of Serbia, 2022a; National Employment Service, 2021c). In 2022, the budget for ALMPs was planned in amount equal to RSD 6.55 billion (around EUR 55 million) with additional funds from the provincial and local budgets (Government of Serbia, 2021a; National Employment Service, 2022b). In 2022, the NES initiated the re-



alisation of 91 agreements with local communities envisioning the implementation of active labour market measures and concluded 56 agreements on technical cooperation with local communities aimed at offering professional and technical support in the process of the realisation of ALMPs (National Employment Service, 2022a).

**Due to constant underfunding, ALMP covers a relatively small share of registered jobseekers.** In 2020 and 2019, these programmes covered 13% and 28% of registered jobseekers, respectively. ALMPs experienced a significant decrease in coverage in 2020 due to measures addressing the COVID-19 crisis (National Employment Service, 2021). One of the most important activities of the NES in 2021 was the programme ‘My first salary’, targeting youth without work experience with the intention of providing them with training and thus improving their employability. The programme has continued in 2022, counting with increased monthly benefits for beneficiaries, which stand at RSD 25,000 (roughly EUR

212) for those with secondary education and RSD 30,000 (roughly EUR 255) for those with university diplomas.

**In 2022, the NES has prioritized certain categories in ALMP.** These included persons without primary school education, persons without secondary school education, persons aged 50 years or more, the long-term unemployed, women (especially those who are long-term unemployed), youth (especially young women, youth without secondary school education and youth without work experience), PWD, Roma, beneficiaries of social care benefits, and redundant employees. Intensified support was planned to be offered to youth in residential, foster and guardian care, victims of family violence, victims of human trafficking, refugees and internally displaced persons, those returned based on readmission agreements, single parents, members of families without a person in employment, parents of children with developmental impairments, and former prisoners. Finally, a special emphasis was to be given to per-

sons confronting versatile vulnerabilities (National Employment Service, 2021a).

**Digitalisation is not prioritised in the NES activities nor in ALMP**, despite certain progress in the matter. The NES expanded its presence in two social media channels – Instagram and LinkedIn – in order to present its ALMP. The digitalisation of the NES's services aims to facilitate their accessibility. The NES has already held a virtual employment fair and is developing an online platform for organisation of the future events of a kind. There are training programmes designed to provide digital skills to jobseekers, especially for youth. In 2020, the NES collaborated with the MoLEVSA on the European Commission project 'UpNOW', in order to evaluate the possibilities for the self-assessment of low qualified jobseekers regarding their language, and numerical and digital literacy. The goal of the evaluation was to inform the education policy and facilitate the development of training programmes for the upgrading of skills (National Employment Service, 2021b). In 2021, the programmes 'Training for active job seeking' and 'Journey towards becoming a successful entrepreneur' were digitalised and became available in the Serbian and Roma languages.

**According to the public LFS (which differs from the Eurostat data), in 2022 the situation of labour market in the economy was aggravated in terms of employment and unemployment rates.** In Q4 2022, the employment rate stood at 50.1% and unemployment rate at 9.2%, with long-term unemployment rates at 3.9%. In nominal terms, approximately 2,888,700 persons were in employment and 291,100 were unemployed. In comparison to Q4 2021, labour market indicators recorded certain aggravation: employment decreased (for 53,400 persons), unemployment slightly increased (for 2,200 persons), whereas the amount of the population outside of the labour force significantly increased (for 34,100 persons). Young people were severely hit by unemployment as opposed to other age cohorts, since youth employment rates decreased (am-

mounting to 23.9%) and youth unemployment rates increased (24.3%), resulting in higher rate of youth unemployment than employment rates. The NEET rate for youth aged 15-24 and 15-29 years decreased to 11.9% and 15.2% respectively, but they still stand above the EU average, which counted with NEET rates of 13.1% for those aged 15-29 (Statistical Office of Serbia, 2023c).

**The feasibility of a structural reform to establish a framework for the introduction of a Youth Guarantee Scheme (YG) was explored** in the Draft Economic Reforms Programme of 2022, adopted in January 2023. The goal of the Youth Guarantee is offering quality jobs to young people and/or facilitating the continuation of education or training within four months upon the registration as an unemployed person or upon the completion of education. The establishment of the scheme would require a series of interventions, the plan of which introduction was presented in the draft. The design and adoption of an implementation plan are planned to be initiated in Q1 2023. This is expected to be followed by the implementation of preparatory activities for the introduction of the YG and its piloting by the end of Q2 2025. The evaluation of the scheme is planned to be conducted by the end of 2025 (Government of Serbia, 2022a).

**The gross and net impact of ALMPs to the improvement of the circumstances of the labour market is rather modest**, since they cover a relatively small proportion of jobseekers and as demonstrated in the rare evaluations conducted so far, their success in ensuring increasing employment rates is low. The last evaluation was done in 2021 and reflects the COVID-19 crisis, during which many ALMP measures were less intensive. In 2020, out of the total 4,530 jobseekers included in four types of ALMP measures, 916 were employed at the 180th day after their exit from programme, representing around 20% of beneficiaries (Arandarenko, 2021). The funds devoted to ALMP have been consistently insufficient for the creation of significant improvement,

amounting to 0.3% GDP at best. On top of this, the ALMP measures are not specific enough nor tailored to the needs of vulnerable populations to better engage with the labour market. For example, despite the categories prioritized by the NES, there are no ALMP measures suitable for single parents, and even for women, which would take into account their specific circumstances of obligations associated with care work (Government of Serbia, 2022a). Under these circumstances, better designed, targeted and more adequately funded ALMP measures, especially at the local level, could have better effects. Factors that should be taken

into consideration for the improvement of these programmes include understanding the impacts of cross-cutting inequalities in the processes of seeking out employment, from gender to age and health and the social situation of jobseekers. More effective ALMP measures would also require better coordination among different stakeholders, to better address the profound reasons for the vulnerability of jobseekers. Additionally, around 19% employers do not employ at all persons with disabilities, single mothers, and Roma women (Commissioner for Protection of Equality, 2022).



## B. Fair working conditions

### 5. Secure and adaptable employment

**Secure and adaptable employment is regulated through a series of domestic laws,** most notably by the Labour Law of 2005, which acts as a general law in this domain, the Law on Simplified Arrangements for Seasonal Work in Certain Areas, and the Law on Temporary Agency Work. The Law on Employment of Foreigners prescribes the equal rights and obligations of foreign workers as those granted to those holding Serbian nationality (article 4).

**The flexibilization of employment at the expense of labour security and adaptability has become an irreversible trend as of the mid 2000s.** The latest amendments to the Labour Law of 2018 further solidified this trend, being supported by the Law on Simplified Arrangements and the Law on Agency Work, enacted in 2018 and 2019 respectively.

**The latest regulations and draft regulations have resulted in the increased insecurity of labourers.** Both the Law on Simplified Arrangements for Seasonal Work in Certain Areas and the Law on Temporary Agency Work were severely criticised by civil sector activists and unions as they claimed that the legislations introduced elements of precarious labour, most notably from the point of view of the increased insecurity of employees in terms of effectively disabling the transition towards open-ended employment contracts. Furthermore, the Law regulating seasonal work was criticised for enabling employers and workers to establish oral contracts (Ćurčić et al., 2022).

In 2021, the Law on Labour Engagement due to Increased Scope of Work in Certain Areas was drafted and debated to replace the Law on Simplified Arrangements for Seasonal Work in Certain Areas (as discussed in second section of the

third chapter), but there has been no progress in advancing this replacement. The Law regulates simplified work arrangements in the sectors of agriculture, forestry, and fisheries for up to 180 days within a calendar year. The Law on Working Practice was drafted and debated in December 2021, with the aim of providing support to the employment of youth, but there has been no progress for its enactment. On top of this, despite the determination of Q2 2020 as the deadline for the adoption of new Labour Law, this time limit was delayed as a consequence of the state of emergency declared in mid-March 2020 due to COVID-19 pandemic and subsequently due to the presidential and parliamentary elections. There was no progress in adopting this new legislation until 30 September 2022, when the opposition parties' proposal of the new Labour Law entered the parliamentary procedure. On the other hand, as of mid-2023 the MoLEVSA will concentrate their efforts to develop a new draft of the Labour Law within a Twinning project.

**The Labour Law is only partially in compliance with the EU standards, especially but not exclusively in terms of regulating the definition of employees.** As a consequence of this shortcoming, many workers cannot effectuate their rights. The amendments made to the Law in 2018 made the conditions for employment commencement and termination more flexible. Currently, employers with more than ten employees are obliged to adopt a rulebook regulating job organisation and job descriptions, while previously this obligation was assigned to employers with more than five employees (article 24). Regarding the conditions for employment termination, the reasons for termination of an employment contract were reformulated and provided specific examples of violations of duty and labour discipline (article 179). Under this updated scope, an employer can terminate the employment con-



tract within a period of six months upon becoming aware of the facts constituting the grounds for termination (the previously period was of three months), and within a period of one year following the occurrence of the facts constituting the grounds for termination (previously the period was six months) (article 184). Instead of 90 days, employees were assigned a new deadline of 60 days to initiate a case before court against a ruling that they violated from the date of delivery (article 195). The types of employment contracts, which to a large extent impacted employment security, were divided into open-ended (permanent) and fixed-term contracts (article 31). Additionally, the legislation defined that labour relations can be instituted, without an employment contract, in the following circumstances: service contract, temporary work contract, apprenticeship contract and outside work contract (articles 42-46). As a general rule, all these non-employment contracts are used in practice in a far broader range of situations than those stipulated by the law, which was heavily criticised by the civil sector organisations due to substantial reduction of the employees' rights.

**The share of employees contracted based on writing and oral contracts is stable, but the share of employees working with open-ended contracts has been slowly declining.** Both in 2020 and 2021, around 95% of employees operated under a written contract, and 5% were hired based on oral employment contracts. In 2020 and 2021, the majority of employees worked on open-ended contracts, as illustrated by the rates of 79% and 77% respectively. In the same period, the share of those employed for a fixed term accounted for 18% and 19% of workers respectively, while the seasonal and temporary contracts accounted for the rest. The dominant reason for being employed through fixed-term contracts was the availability of jobs which exclusively provided contracts in that fashion, representing the labour circumstance of 87.6% of employees in 2020 and 69.2% of employees in 2021. Finally, more than 60,000 and 75,000 employees were employed through fixed-term contracts for longer than 3 years in 2020 and 2021 respectively (Statistical Office of Serbia, 2022c; Statistical Office of Serbia, 2021b).



**The employment of migrant workers is very modest, and their registered unemployment rate is negligible.** In 2020, as low as 12,931 working permits were issued to foreigners, which was a consequence of the measures mitigating the COVID-19 crisis, when the migration trends were extremely limited for the purpose of public health protection. Despite the increase, in 2021 a still modest amount of 23,662 working permits were issued by the NES. Both in 2020 and 2021, almost half of the working permits was issued to the citizens of China, followed by almost a quarter of the working permits issued to the citizens of Turkey. In 2021, 572 foreigners were registered as unemployed with the NES, which accounted for 0.12% of the total number of registered unemployment in Serbia (Commissariat for Refugees and Migration, 2022; National Employment Service, 2022a).

The Law on Employment of Foreigners also encompasses the labour rights of asylum seekers and persons authorized the right to asylum (article 11). Under certain conditions, these individuals can be granted the so-called personal working permits nine months after applying for asylum, the duration of which is six months. The duration of the working permit can be prolonged, depending on their asylum status (article 12). The Government can introduce quotas in compliance with the migration policy in order to limit the number of working permits for foreigners on the grounds of correcting disturbances on the labour market. Both in 2020 and 2021, the NES issued the extremely modest number of around 70 working permits to asylum seekers although this is not surprising since the numbers of asylum seekers are very low (Beogradski centar za ljudska prava, 2022b). In 2020 and 2021, there were 144 and 172 requests for asylum respectively, out of which three quarters of seekers were adults (Commissariat for Refugees and Migration, 2022). In June 2022, the Regulation on Criteria for Incentives to Employers Employing Newly Inhabited Persons was enacted to entitle employers who employ newly inhabited persons whose qualifications are in deficit on the

labour market to benefits. Newly inhabited are those who did not stay in Serbia for a longer than 180 days in the period of 24 months prior to the open-ended employment contract signing for a wage of at least RSD 300,000 (around EUR 2,550), four times higher than the average wage. They are entitled to a return of 70% of paid taxes and to a full reimbursement of taxes paid for old-age and disability insurance.

## 6. Wages

**The Serbian Constitution guarantees the fair remuneration of workers for their labour** (article 60). The Labour Law contains a separate chapter which prescribes that an appropriate wage shall be fixed in compliance with the law, a collective agreement, and an employment contract. Moreover, it establishes that employees are entitled to equal wages for the same work or work of the same value, adding that employment contracts violating this principle are deemed null and void (article 104).

**The Government has been supportive of wage growth**, with the motivational goal of reaching an average wage of EUR 900 by the end of 2025, which was set as part of the Programme Serbia 2025, launched at the end of 2019 (European Centre for Social Welfare Policy and Research, 2022). Wage continued to grow even during the COVID-19 pandemic, partially by the growth of wages in the public sector, especially in healthcare, where additional staff was employed. In January-August 2022, the average net amounted to RSD 73,265 (around EUR 625), which represented a growth of 3% in real terms, although this growth was slower than the one experienced in 2021. The main contributor to wage growth in 2022 was the private sector, which accounted for 5.4% of growth in real terms. In contrast, in 2022 the wage growth in the public sector was negative. It accounted for a 2.6% drop in real terms, due to the inflation rate, despite wage increases of 7% to 9%. The highest wage growth was reported in the sectors of ICT, trade, and scientific-technical activ-

ities. The Government announced that the wages in the public sector would be increased in 2023 by 12.5% (Government of Serbia, 2022a).

**The Fiscal Council recommended to the Government the introduction of three types of measures with an impact on wages.**

First, an indexation mechanism agreed with the International Monetary Fund was suggested, which would strengthen the connection between wage growth with GDP growth as of the beginning of 2023. Second, an increased non-taxable part of wages in the amount equal or close to the minimum wage was indicated as a potential solution. Third, decreasing social insurance contribution rates was recommended. Social insurance contribution rates for unemployment, old-age, and disability have been already decreased in 2019 and 2020. As of January 2022, old-age and disability insurance contributions have been additionally decreased to account for 25% of salaries (Government of Serbia, 2022a).

**The minimum wage has been steadily growing in the past years and will continue its growth in 2023.**

Due to its composition, which reflects interests of different stakeholders, the Social and Economic Council (SEC) almost invariably cannot come to an agreement about the minimum wage. Therefore, it is afterwards set by the Government, since the regulations prescribe that the Government will make a decision on the minimum wage in the period of 15 days, in case the SEC cannot make it. The Government has been supportive of rising minimum wages. Namely, the minimum wage dynamics was broadly stable for roughly a decade and kept up with the growth of the average wage, standing at the level of around 40-45% of average wage. Following the success in fiscal consolidation, the minimum wage was allowed to grow in real terms and in 2018 it stood at RSD 143 (around EUR 1.21) net per hour. The same trend was continued in subsequent years when it was set at RSD 155.3 (around EUR

1.32) in 2019, RSD 172.54 (around EUR 1.47) in 2020, and RSD 183.93 (around EUR 1.56) in 2021 (European Centre for Social Welfare Policy and Research, 2022). In 2022, the minimum hourly wage was set at RSD 201.22 (around EUR 1.71) and in 2023 it was set at RSD 230 (around EUR 1.96) to be indexed during the year based on the decision of the Government made in September 2022, representing an increase of 14.3% (Government of Serbia, 2022a). In turn, this growth had a positive impact on the already mentioned general wage growth in Serbia.

**The new Labour Law<sup>1</sup> proposal makes modifications in the domain of wages,**

by significantly raising the amount of increased wages in case of overtime work, night work, work during public holidays, etc., as compared to the current law (article 87). The minimum wage is proposed to be set by the Government, and not the SEC, by the end of January of the ongoing year, based on data compiled by the SORS in the HBS for the preceding year. Its amount should be set at a level that is equal to the consumption of households from the fifth deciles reported in the HBS for the preceding year. As with the currently existing legislation, the minimum wage could not be set at a lower level than that of the previous year, but it could reach higher values at the proposal of the SEC (article 88). The proposal introduces a guaranteed wage to employees working with employers who cannot pay contracted wage, due to financial problems. This guaranteed wage could not be lower than the minimum wage and could not be paid out for a period longer than 6 months. After this period, an employee would be entitled to the compensation based on the difference between the guaranteed and contracted wage (article 89).

**In 2021, the sectors earning the highest wages were ICT, financial and insurance activities, mining, and electricity and gas provision.** Contrary to the sectors of public administration, health, and social care, where wages were

<sup>1</sup> The proposal of the Labour Law was submitted to the President of the National Parliament of Serbia on 30 September 2022 under number 1980/22.



above average, the wages in the education sector were below the average. The sectors receiving the lowest wages were food and accommodation services, in addition to service associated with art, entertainment, and recreation. In terms of the highest and lowest wage sectors, there were no changes compared to 2020. However, public administration, health, and social care, as well as the education sectors were earning wages above average (Statistical Office of Serbia, 2023b).

**In-work poverty has been oscillating.** The EU-SILC Survey on in-work at-risk-of-poverty rate by type of contract reports the rate of 5.4% in 2020 for employees with permanent jobs in Serbia, a decrease from the rate of 5.8% in 2014, which was the equivalent with the figures present among the EU27. On the other hand, with the in-work at-risk-of-poverty rate of 10% in 2020 for employees with temporary jobs, Serbia is better scored than the EU27 (14.9%), but the downward trend is not prominent. Namely, the starting value of 10.3% in 2013 was increasing throughout the

years to be lower than the starting value for the first time in 2020 (Eurostat, 2023a).

## **7. Information about employment conditions and protection in case of dismissals**

**The Serbian Constitution guarantees the protection of employees in case of dismissals, granting special employment conditions to women, youth and PWD** (article 60).

The Labour Law regulates in detail the contents of employment contracts, which are made in writing, and must display all relevant information on employment conditions (article 33).

**The Law also contains a separate chapter which stipulates the grounds for the termination of labour relations, including dismissals.** The Law regulates the so-called justified and unjustified reasons for dismissal. The latter include the prevention from work due to health situation, maternal and child-care leave, military



service, membership in a political organisation or union, as well as some specific characteristics of an employee (gender, ethnicity, religion, etc.), activities in the capacities of representatives of employees, and referencing of an employee to the union or bodies in charge of protection of labour rights (article 180-183). An employer cannot dismiss an employee during pregnancy, maternal leave, or child-care leave (article 187). In case of an unlawful dismissal, the court may decide to return the employee to work upon their request and/or to compensate them for the damage occurred (article 191). In case of a transfer of an employer, they are obliged to take on all employees (articles 147-151). In practice, certain incomplete and unclear regulations regarding these circumstances cause uncertainties for employees.

**The Law on the Prevention of Abuse at Work regulates the prohibition of abuse at work and includes measures for its prevention, in addition to instituting the right of an employee to file complaints against a violation or denial of their employment rights** to the Labour Inspectorate, to launch proceedings before the competent court, or to require a mediation of the disputed issues together with the employer (articles 15 and 29). The Law was enacted in 2010 and would need further amendments to be in compliance with the international standards in the prevention of abuse at work.

**The Labour Inspectorate is frequently criticised by civil sector organisations for their insufficient efficiency,** which results in instances whereby employees are even allegedly discouraged to report violations of their rights to the Inspectorate. In 2021, according to the Labour Inspectorate's performance report, they have acted upon all the received reports - 5,369 employee reports regarding work-related rights, and 341 reports related to both labour relations and occupational safety and health. On top of that the Inspectorate utilised its free info phone line with close to 3,000 recorded interactions. There are claims that the Inspectorate carries out its activities at the

minimum possible level (Ćurčić et al., 2022), which is understood primarily, but not strictly, as a consequence of understaffing. In 2021, labour inspectors filed 2,105 requests for the commencement of legal proceedings, which is a drop in activities of around 20% compared to 2020, when there were 2,605 requests. They also made 826 decisions on measures to be taken by inspected entities in 2021. Yet again, this number represented a decrease of around 35% in the total number of decisions made when compared to 2020, when these amounted to a total of 1,255 (Labour Inspectorate, 2022).

**The Republic Agency for the Peaceful Resolution of Labour Disputes, which oversees mediation, has received an increasing number of labour disputes.** In 2020, the Agency acted in 681 labour disputes, out of which a total of 14 proceedings were conducted in cases where the subject of the dispute was the termination of the employment contract. The collective disputes were related to the implementation and conclusion of a collective agreement, the exercise of the right to determine the representativeness of trade unions, and to the right to strike (European Centre for Social Welfare Policy and Research, 2022). In 2022, there were 1,061 labour disputes, out of which 1,027 consisted of individual cases and 34 referred to collective appeals (Urdarević, Petrović, 2021). The Agency reported that from 2010 to 2021, a total of 574 procedures with allegations of mobbing were initiated. Out of this number, 15% of cases were peacefully settled, while it was established that cases of mobbing occurred in 31% of cases, as opposed to 54% of cases that were not considered as such (Marković et al., 2022).

In February 2020, NALED, a Serbian public-private association and think-tank, recommended an amendment to the Law on the Protection of Whistle-Blowers, which would enable legal entities, especially NGOs and organisations operating in the fields of human rights and anti-corruption, to become whistle-blowers. However, there have been no developments in adopting this suggestion.

**Over the past years, the media has reported on massive alleged violations of labour rights of employees employed by foreign investors in Serbia, especially in terms of the provision of information about employment conditions and protection in case of dismissal.** These instances relate to the violation of labour rights of both domestic and foreign citizens.

## **8. Social dialogue and involvement of workers**

**The Constitution guarantees the freedom of association into unions (article 55). Collective agreements and collective bargaining are mainly regulated by the Labour Law, which governs the stakeholders and procedures of collective bargaining. However, the Law does not enable many workers to effectuate their right to association into unions, due to its obsolete norms in certain aspects.**

### **In 2021, there have been dynamic activities regarding the collective agreements.**

Four new special collective agreements were concluded, two special collective agreements were changed and amended, for three special collective agreements Consent on the prolongation of their validity was signed and two decisions on widened effect for two special collective agreements were made (MoLEVSA, 2023). All collective agreements concluded for the public sector contain provisions about full compensations of wages in case of becoming infected or isolated due to COVID-19. This provision was proposed by the Government and approved by all relevant stakeholders. Many sectors are still deprived of collective agreements, including the sectors of metal industry, construction work, agriculture, food, tobacco production, water management, tourism, etc. (Urdarević, Petrović, 2021).

**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 private sector.

**In practice, the dominant activities of the SEC, the independent body responsible for initiating and developing social dialogue, are those related to the determination of the minimum wage and the discussion of various socio-economic issues,** such as changes in legislation concerning the working conditions and living standard of workers and pensioners. The social partners are burdened with the unresolved issues of representativeness and full legitimacy of their constituent members, even though the meetings of the SEC started to be more frequent. In 2021 and 2022, 10 and 5 respectively were held. There have been some project-based efforts to enhance local level social dialogue, but functional socio-economic councils at the local level are few and far between (European Centre for Social Welfare Policy and Research, 2022). The establishment of Labourers' Councils is a rather underused opportunity in practice, partially due to an underdeveloped legal framework. **The combination of these factors often resulted in very weak practices of social dialogue, especially regarding the involvement of social partners in relevant policies, while other forms of worker participation are underdeveloped both in legislation and in practice.**

**There is no official data on the numbers of the members of unions in Serbia, but only estimations** which are based on each of the unions' reports. According to these, it is estimated that around 600,000 employees are union members, which consists of roughly one fourth of employed workers in the economy (Urdarević, Petrović, 2021). The International Trade Union Confederation rated Serbia with a score of 4<sup>2</sup> in its report, highlighting that in 2021 there were

2 The rating scale includes rating of 1 (sporadic violations of labourer's rights), 2 (repeated violations of labourer's rights), 3 (regular violations of labourer's rights), 4 (systematic violations of labourer's rights), 5 (no guarantees of labourer's rights) and 5+ (no guarantees of labourer's rights due to the breakdown of the rule of law) (ITUC, 2022).



systematic violations of labourers' rights (ITUC, 2022).

**The proposal of the new Labour Law incorporates regulations on the SEC, which are much broader compared to those defined by the current Law on Socio-Economic Council.** According to this proposal, the proposed competence of the SEC and the number of its members would remain the same, but its composition would be modified so that unions, employers, and the Government would be entitled to appoint 4 members each, while the remaining 6 members would be equally divided among academics and civil sector activists. The latter would not have voting rights (article 148). Furthermore, the proposal calls for the SEC to take positions on the following issues: the situation regarding collective bargaining, proposals of public policies impacting decent labour, health and safety at work, functioning of social insurance and social care, education and vocational training, and demographic trends and tax policies (article 152). The proposal to the new Labour Law also contains regulations on the establishment of Labourers' Councils in companies having more than 30 employees (article 161) and regulates in broader detail their competences and activities.

**The ILO office in Belgrade has developed plans to join efforts, within their jurisdictions, with the EU Delegation to Serbia in 2023 to explore possibilities for the improvement of social dialogue in Serbia.**

**The Law on Strike of 1996 and its latest amendments in 2005, followed by the Decision of the Constitutional Court of 2012, is currently characterized by rather obsolete mechanisms,** although no additional amendments were made to it. The proposal of the new Labour Law incorporates regulations on the strikes, which are rather different than those proposed by the current regulation. It introduces the principle of the protection of safety, life, health and property during strikes (article 191), envisages the conduction of solidarity strikes aimed at support-

ing other unions and/or labourers (article 193), the possibility of initiating spontaneous strikes in response to delays by employers to pay wages in a period longer than 30 days and in cases associated with health and safety at work (article 194), details the contents of the decision on the strike (article 195), mandates the process of resolution before entering into a strike (article 198), and entitles the SEC to keep records on strikes (article 207).

## 9. Work-life balance

**The Constitution guarantees special protection to the family and the child, mothers, and single parents (article 66). Incentives for work-life balance come mainly from the labour and family support legislation. Moreover, issues related to employment, taxation, pre-school education, and care legislation govern this domain. Finally, for at least a decade, work-life balance stands at the centre of the population policy.** One of the objectives of the Strategy of Encouraging Fertility Rates of 2018 is ensuring work-life balance, which is divided into two specific objectives: reconciliation of parental and professional life and reconciliation of work and parenthood through the provision of early childhood education and care (Government of Serbia, 2018a).

The Labour Law regulates the right of employed mothers to flexible working arrangements and leaves. As such, it enables pregnant women and those with children under the age of three not to work overtime or at night (article 90). 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 be able to engage in these work hours (article 91). Maternity leave is conditional exclusively upon the employment status and lasts for three months. After the end of maternity leave, an employed mother has the right to a child-care leave up to the end of 356 days for her first and second born child. The leave lasts for two years in total for the third-born and every child born subsequently. Fathers are entitled to this leave in circumstances which are tradi-

tionally regulated (in case a mother leaves a child, dies, or cannot use her right due to detention or severe illness, etc.). However, fathers are also entitled to this right in cases where the mother is unemployed (article 94). If a child requires special care or suffers from a severe disability, one of the parents has the right to extended leave. One of the parents may choose between leave and working only half-time, for 5 years maximum. Furthermore, one parent may take leave from work until the child's third birthday and during this period their labour rights and duties will remain dormant (articles 96–100).

**The generosity of the duration of leaves is accompanied the relative largesse of the amount of wage compensation during the leaves. However, following the latest amendments made to the Law in 2021, the compensation amounts were decreased due to alterations in the rules governing benefits.** Currently, wage compensations cover 100% of the average wage received for the past 18 months, with a maximum value of three times the average wage in the economy. As of 01 January 2022, the ceiling was raised to five times the average wage in the economy (article 13). The gradual decrease of the wage compensation amount in case of an employment shorter than 18 months prior to leave commencement and the ceiling of three times the average wage in the economy were harshly opposed by civil sector activists and the social movement 'Mums rule', who organized protests in 2019. While the ceiling was corrected as of 2022, the rules regarding wage compensation amounts are still in place.

**The Law introduced more inclusive measures to widen the scope of users.** First, it entitles mothers employed after the birth of a child to receive wage compensation in exceptional circumstances (article 12) and second, it covers mothers (but also fathers in cases of mothers' prevention) employed in atypical employment. Namely, it introduces the so-called other benefits for mothers on service and temporary contracts as well as to mothers who are insured farmers

(article 17). The wage compensation is calculated in the same manner as in the case of mothers in standard employment.

**Due to contributory-based logic of the system, unemployed mothers are excluded from the social system of benefits, relying on certain local communities offering time-limited benefits to them.**

**Patriarchial norms in society keep the number of fathers on leaves extremely small (except for those who are single parents), with an almost universal take-up rate of leaves by mothers.** A highly unequal division of household obligations, including the obligations associated with childcare in families, in general has had a clearly negative impact on the engagement of women in remunerated employment in Serbia. This issue is further illustrated by the fact that the reasons for which women are not in employment are dominantly grounded in the obligations assigned to them of taking care of family members. In 2021, the inactivity in the male and female labour force as a result of the obligation to care for a child or disabled family member accounted for 9.6% and 90.4% of cases of inactivity, respectively. In the same line, in the last 7 years the provision of care to children or disabled family members was reported as the reason for the termination of an employment for 0.7% of men and 10.8% of women (Statistical Office of Serbia, 2022c). Data for 2020 indicates an even more prominent disbalance, with inactivity rates due to the obligation to provide care to children or disabled family members of 3.7% for men and 96.3% for women, consisting of a clear consequence of the COVID-19 pandemic and the disparities in the provision of care work informed by traditional gender norms (Statistical Office of Serbia, 2021b). Dominant social norms of gender divisions entail in mothers of young children often not being employed, contrary to fathers, who are supported by the existing legislation which perpetuates this disparity. Currently existing legislation and the related policy infrastructure needs to be substantially transformed to tend to these injustices.

**Flexible working arrangements which are supportive to enabling an improved work-life balance are underdeveloped in terms of legislation and underused in practice.**

When these arrangements are employed, they are often associated with employment insecurity and low wages, and rarely result in a transition into full-time employment. Interestingly, but not surprisingly, in 2021 the reasons for which employees opted for flexible working arrangements were related to family reasons in 36.5% of cases for men and 63.5% for women, a scenario that is further enhanced in cases of the provision of care for children or disabled family members, in which was only the case for 2.1% of men while it affected 97.9% of women (Statistical Office of Serbia, 2022c).

**The coverage of children with access to ECEC, considered one of the most prominent incentives for a work-life balance, is relatively low,** as mentioned in the first section of this subchapter. The additional selection of children to be included in ECEC systems is provided

by the regulation on the prioritisation of the employment status of parents, and not on the rights and needs of children to attend ECEC. Finally, the standard working week consists of 40 to 45 hours, while children aged 7 and 8 spend approximately 20 hours per week in school. **Despite progressing gradually, the provision of services of prolonged stay of children aged 7 and 8 in schools has been underdeveloped.**

**In contrast to the underdevelopment of measures aiming to ensure a work-life balance, monetary incentives are present.** The most generous monetary incentive (compared to the average wage in Serbia) is the parental allowance, which is an almost universal population policy measure. In 2022, the value of the allowance stood at RSD 321,900 (around EUR 2,750), RSD 285,544 (around EUR 2,450), RSD 1,713,264 (around EUR 14,600) and RSD 2,569,896 (around EUR 21,900) for the first, second, third and fourth born child. Allowance for the first-born child is paid as a one-off payment, while the remaining allowances are divided into monthly instalments.



The allowance for the second born child is paid in 24 instalments, while for the third and fourth it is paid in 120 instalments. Additionally, the Law on Financial Support to Families with Children introduced subsidies for families seeking to buy accommodation and one-off payments for the birth of the second and third child.

**The reproductive behaviours of the Serbian population are characterised by modest fertility rates, despite monetary incentives.** From 2002 to 2011, fertility rates fell from 1.6 to 1.4, but increased in 2019 to 1.5, staying unchanged in 2020 and 2021 (Statistical Office of Serbia, 2022a). Due to high concerns in the society about its demographic future, an innovative strategic approach to boosting fertility has been announced for the beginning of 2022, but there have been no further developments in this regard.

**The current tax-benefit system supporting work-life balance appears to be quite unbalanced.** Tax credits, an important and common instrument for improving the living standards of employed parents, and one which aims to support children during their childhood, are 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 in this regard (European Centre for Social Welfare Policy and Research, 2022). The Serbian tax system is gender neutral, and neither supports nor discourages the employment of women. This could potentially be considered discriminatory, since their employment should be promoted, through measures such as tax reliefs for employers hiring women with young children. In the recent past, women's wages were mostly reduced, due to freezing wages in the public sector, which is frequently the main employer of women. The reduction of the wages was linear, without considering whether employees were mothers or not.

## **10. Healthy, safe, and well-adapted work environment and data protection**

**The Constitution guarantees the right to healthy and safe working conditions (article 71) as well as the right to personal data protection (article 42).** The Labour Law contains a separate chapter regulating the domain of occupational safety and health (articles 80-82) along with personal data protection (article 83). The Law on Occupational Safety and Health of 2005, along with the latest amendments of 2017, regulates in more detail the implementation and improvement of occupational safety and health (OSH). The need to re-design the legislation tending to this domain was announced a long time ago, as it is not compliant with the EU standards, especially the EU Directive 89/391/EEC aimed at improving OSH. A new law regulating the matter has been drafted and its adoption was planned for the end of 2021. In November 2021 there was a public debate on the Draft Law where minor suggestions to the legislation were accepted. Nevertheless, the adoption of the law was delayed for Q3 2023. One of the most important concerns raised prior to its enactment and full implementation is that the electronic reporting of work injuries is not possible without the adoption of a new law in this domain. During the COVID-19 pandemic, health concerns were further heightened, but there were also increased concerns about safety at home while performing employment activities. The Strategy on Occupational Safety and Health for the period from 2018 to 2022 with the Action Plan for its Implementation has just elapsed (Government of Serbia, 2018b) whereas the new strategy for the period 2023-2027 is being prepared and is expected to be adopted in Q3 2023.

**The OSH infrastructure is well established, but it still fails to achieve expected effects.** The main stakeholders are the Occupational Safety and Health Directorate (OSHD) and the Labour Inspectorate, which are embedded into the framework of the MoLEVSA. Until 2019, the



methodology employed to report on work accidents dated back to the 1960s and was not consistent with the European Statistics on Accidents at Work (ESAW). In their reports from 2019 onwards, the OSHD has reported data that is comparable with the one used by the ESAW. In 2021, the Directorate and Inspectorate employed 9 and 218 employees respectively. Out of the total number of employees, there were 203 labour inspectors in the Inspectorate (Labour Inspectorate, 2022), which is a decreased number compared to the previous years. In 2019 and 2020, 236 and 218 labour inspectors were employed respectively (Labour Inspectorate, 2020; Labour Inspectorate, 2021; Labour Inspectorate, 2022).

**According to the reports from the OSHD, the total number of work injuries has been increasing.** It increased in 2021 to a total number of 11,275 fatalities and severe injuries, representing an increase of around 9 percentage points compared to 2020, which counted with 10,295 cases. In 2021, the majority of the 1,301 fatalities and severe injuries reported occurred in the construction sector, being it that this occurred more frequently with employers employing more than 500 employees (42.59%) and those counting with 50-249 employees (27.67%). Men were the most prevalent among those who suffered injuries, reaching a total of 68.25% of cases, out of which those who experienced work injuries were focused on the age groups of 46-55 (27.60%) and 36-45 (23.67%) (Occupational Safety and Health Directorate, 2022).

**The number of fatalities and severe injuries with fatal consequences has been increasing, based on reports from the Labour Inspectorate (LI).** It increased in 2021, when these cases amounted to 61 instances, compared with the 43 reported in 2020, which recorded a decreased number of cases when compared to 2019 when the LI reported a total of 49 cases (Labour Inspectorate, 2020; Labour Inspectorate, 2021; Labour Inspectorate, 2022). In 2021, the majority of deaths resulting from fatal or severe work

injuries occurred in the construction (54%) and industry (16%) sectors. Employers did not report to the Inspectorate a single case of professional disease, which is allegedly a consequence of the wide-spread practice of not reporting professional diseases (Labour Inspectorate, 2022).

**The number of fatalities and severe injuries with fatal consequences has been oscillating, based on reports from the Republic Fund for Health Insurance.** It increased from 19,094 in 2020 to 21,058 in 2021, but it is still lower compared with 2019, when it stood at 22,994 (Occupational Safety and Health Directorate, 2022).

**There are considerable differences between data reporting the numbers of work injuries according to the three available sources.** While the numbers reported by the LI could be a consequence of a different method of classification of injuries, there is no appropriate explanation for the difference in the numbers reported by the OSHD and the Fund, as the Fund reports an almost double amount of cases of work injuries. Once again, these differences could be a consequence of different approaches in recording and processing data, but they could also be a result of a lack of coordination, communication, and exchange of information between stakeholders from different sectors. Nevertheless, it is important to highlight that the data reported by the Directorate is harmonised with the European statistics on the topic. However, there are concerns that there is under-reporting to the competent services.

**The reality of the domain of data protection is critical, including from the point of view of legislation.** The Law on Data Protection was supposed to come into full compliance with other related laws by the end of 2020, but this has not yet occurred. The Law counts with numerous unclear norms which are hard to be implemented. Additionally, strategic orientation in the domain of data protection is still missing. In June 2021, the Government adopted a decision on the establishment of a Working Group responsible for draft-



ing the Strategy to be valid for the period from 2021 to 2028. Nonetheless, by the end of 2022, there has been no significant progress in rolling out said strategy. This combination of factors motivated civil society organisations to state that data protection is at very low level of development in Serbia (Beogradski centar za ljudska prava, 2022). The most important concerns on the issue are

related to video-surveillance of citizens and the processing of their biometric data, as there is apprehension associated with the different potential types of misuse of the obtained data and information. Finally, the Law defines that it is prohibited to process data regarding the association of citizens into unions in most cases (article 17).

## C. Social protection and inclusion

### II. Childcare and support to children

**Childcare and support to children are governed by numerous laws and operationalized in numerous strategies.** Childcare and support to children from the point of view of their protection from poverty are a shared responsibility of the MoLEVSA and the Ministry for Family Care and Demography. The main provider of support services at the local levels are the centres for social work (CSW). In addition to the Family Law of 2005, which is an umbrella Law governing relations between parents and their children and dictating the potential interventions in families when required, childcare and support to children are regulated by the Law on Financial Support to Families with Children of 2017 along with its changes and amendments.

**The right to child allowance is designed as a means-tested social care measure and targeted towards children living in poor households.** The right to this allowance can be effectuated for the first four born children in families, provided that they live in Serbia, and attend mandatory preschool, primary or secondary school education, up to the age of 19 or 26 years in case of children with disabilities (article 26). Both criteria have been criticised for their effects. Namely, in Serbia Roma families are the most likely to be composed by more than four children, and Roma children are especially exposed to poverty. The conditionality based on participation in education is also found to be in contradiction with the very purpose of child allowances. The allowance is flat-rate but has been increased by 30% for children from single-parent families and additionally increased for children from particularly vul-



nerable groups (children with developmental impairments, children with disabilities, and children without parents). At the same time, the threshold of the allowance has been raised and it is currently higher than the threshold for the effectuation of the right to financial social assistance (FSA).

**The allowance threshold is lower than the at-risk-of-poverty line and even the absolute poverty line.** In 2022 the general allowance threshold was set at RSD 10,707.90 (around EUR 90), while the increased threshold was set at RSD 13,920.28 (around EUR 120). The amount of allowance is very modest. In 2022, it ranged from RSD 3,569.30 (around EUR 30) to RSD 4,640.08 (around EUR 40), with additional increases in certain circumstances in the cases of children experiencing disability or impairments. As of 2018, children in single parent families and children with disabilities are entitled to an increase of 30% and 50% respectively in their allowances.

**The number of children covered by the child allowance programme has been continuously falling,** including during the period after the amendments to the Law in 2019, when it covered 226,289 beneficiaries. In 2020 this number fell to 196,224, a decrease of 13 percentage points and in 2021 its coverage was further decreased to 175,769 individuals, representing a decrease of 10 percentage points. The number of the children entitled to increased amount has been also falling at a steady pace of 13 percentage points (from 64,046 in 2019 to 55,538 in 2020 and 48,497 in 2021). Accordingly, the percentage of children covered by the child allowance within the general population of children has been falling. In 2017, the year in which the new Law was enacted, it covered 21.3% of the general population, while in 2018, when the actual implementation of the Law started, it stood at 17.6%, while in 2019 it stood at 17.7%. The percentage of children covered by the allowance fell further to 15.5% in 2020, and even further in 2021 to 13.9%. The percentage of children entitled to the increased child allowance within the general population of children has

been oscillating. After the Law enactment when it accounted for 5.8%, it fell to 4.8% in 2018, but increased to 5.2% in 2019, which was still below the coverage levels of 2017. A decrease in coverage was also experienced in 2020 and 2021, when 4.5% and 4% children respectively were entitled to increased child allowance (Statistical Office of Serbia, 2022g).

**Expenditures for child allowances account for 0.28% of the GDP.** In 2020, the total public expenditures for childcare amounted to RSD 77.44 billion (roughly EUR 660 million). The share of cash benefits within the expenditures associated with childcare stood at 93.2% (Government of Serbia, 2022a). As presented in the fifth section of the second subchapter, the Law on Financial Support to Families with Children introduced additional incentive measures, although primarily within the domain of population policy, but their effects on the protection against poverty are also reported.

**The existing legislation prescribes a wide range of prospective users of social care benefits and services which target either the general public or children more specifically. The Law on Social Care, for instance, is focused on particularly vulnerable groups of children.** Children are entitled to financial social assistance on an amount that is equal to 0.3 from the basis of the FSA, as further described in the fourth section of this subchapter. In 2022, this amount in nominal terms was equivalent to RSD 3,116 (roughly EUR 26).

**As of 2011, the share of children in the total number of the beneficiaries of the FSA has been stable, standing at around 35% to 37% of beneficiaries, while in 2020 it stood at 36.2%.** In 2020, 39,136 families with children were entitled to FSA, covering 78,911 children. Around half of the children (49.2%) supported by the social care sector are children covered by the FSA and by some form of locally funded benefits (Republic Institute for Social Protection, 2021a).

**In 2020, the percentage of children offered benefits and services by the social care sector steeply increased compared to 2019.**

In 2020, children represented 25.8% of users, contrary to their estimated share in the population of 17.4%, which further highlights their high vulnerability. In 2019, they represented 16.3% of the users of benefits and services in the social care sector while their share in the overall population also stood at 17.4%. Along with the material support provided to poor children, in 2020 11,205 children with impairments and disabilities were supported by the social care sector through the provision of cash benefits for the care of another person (Republic Institute for Social Protection, 2021a). Once again, this represented a steep increase compared to 2019, when 7,980 children were entitled to the abovementioned benefits. In the last five years, the number of children entitled to benefits for the care of another person has increased by a quarter (Republic Institute for Social Protection, 2020).

**Apart from benefits, residential and foster family care were among the most intensively used social care services by children in Serbia, whereas the percentage of children in residential care has been decreasing and the percentage of children in foster care has been increasing.**

While the decreased number of children in residential care is in compliance with the Convention of the Rights of the Child and public strategic goals, the increased number of children in foster care clearly indicates the need for more intensive measures to support families in taking care of their children (Republic Institute for Social Protection, 2021a). The Draft Law amending the Law on Social Protection, whose adoption has been delayed, stipulates provisions for the establishment of a Centre for Children, Youth and Family, conceived with the intention of delivering intensive support services to families in need, such as the Family Outreach Worker service, one of the potential forms of transformation of residential care institutions for children. The Strategy for Deinstitutionalisation

and Development of Community-Based Services 2022–2026, whose adoption has also been delayed from Q3 2020, being only adopted in 2022, further contributes to the trend of supporting children in communities (Government of Serbia, 2022f). The Social Protection Development Strategy, whose adoption has also been delayed from Q3 2020, and was not yet adopted, promotes the best interest of children and families, having as one of its objectives the development of measures aimed at preventing institutionalisation, abandonment, and separation of children from their families, etc. (Government of Serbia, 2020a).

**In 2020, children with disabilities represented 6% of the total number of children registered with the CSWs**

and in nominal terms, these children amounted to 11,205 of registered individuals, representing a rather steady percentage and number of children benefiting from the services made available at the centres. Most children with disabilities attended are boys with physical disabilities, generally aged from 6 to 14 years. Residential care covered 435 children with disabilities, while daily care was used by 297 children with disabilities. Personal guardian services were used by 1,932 children. In the last five years, the number of users of the service increased by 473 percentage points, with majority of users being of primary school age. In-home support was offered to 94 children, while the majority of them were also of primary school age (Republic Institute for Social Protection, 2021b). Along with the CSWs, civil sector organisations have been providing services to PWD, mainly for children with disabilities.

**In Serbia, children are the age group most vulnerable to poverty.**

Children have been continuously exposed to above-average absolute poverty. In 2020, absolute poverty rate among children aged up to 13 years stood at 10.6%, while among children aged 14 to 18 years the rate was of 7.9%, and for youth aged 19 to 24 years it stood at 10.3%, compared to the absolute poverty rate of 6.9% for the general population. Absolute pover-





ty levels are especially high in cases of multi-member families with more than three children (SIP-RU, 2023). In 2021, the at-risk-of-poverty rate for children was 20.8% (Government of Serbia, 2022a). This percentage decreased compared to 2020, when at-risk-of-poverty rate for children stood at 24.2% (Statistical Office of Serbia, 2021c). Nevertheless, these rates were still unfavorable, as further discussed on the fourth section of this subchapter.

**According to data from the social care sector, there were 8,365 reported cases of violence against children within their families in 2020, a figure that has increased by 140.6 percentage points compared to 2011.** Concomitantly, the number of measures instituted by CSWs instituted before the courts to protect children's rights increased by 73.9% compared to 2011. Moreover, there were 129 children in shelters for victims of violence, with majority of them (56.6%) being of pre-school

age. In 2021, 235 children were identified by the CSWs to be victims of child marriages, out of which 16 boys and 219 girls (Republic Institute for Social Protection, 2022b). This domain is additionally governed by the Law on the Prevention of Family Violence of 2016 and the Strategy for the Prevention and Protection of Children from Violence 2020-2023.

**Both the social care sector and the LI under-report cases of child labour.** In 2019, 2020 and 2021 the LI reported extremely low and decreasing number of children engaged in child labour (33, 20 and 18 respectively), while none of the reported cases involved children under the age of 15. In the same years, the social care sector reported 12, 9 and 39 children engaged in the child labour, respectively. Reports point towards the fact that Roma children were more exposed to the possibility of experiencing child labour, even though this population segment did not exclusively account for all cases of child labour. Data



further indicates that parents are mainly responsible for forcing their children to work in dangerous or damaging conditions (Republic Institute for Social Protection, 2021a; Labour Inspectorate, 2022). In contrast to this information, according to MICS, in 2019, 16% of children aged 5–11 years, 4% of children aged 12–14 years and 1% of children aged 15–17 years were engaged in child labour. Children from non-urban areas, primarily from the poorest and the second wealth quintile, were most likely to be involved in economic activities. Less than 1% of children aged 5–14 years participate in household chores for the number of hours that would define these activities as child labour. Overall, 10% of children aged 5–17 years were involved in child labour. Additionally, 3% of children aged 5–17 worked under hazardous conditions. These children made up 10% of children who did not go to school, 7% of children from the poorest households, 6% of children aged 15–17 years, and 5% of children from nonurban areas (UNICEF, 2020 quoted per European Centre for Social Welfare Policy and Research, 2022).

**The coverage of children aged 0-3 attending pre-school education and the preparatory pre-school programme is increasing.**

In 2020 and 2021, 31.8% and 34.3% children aged 0–3 respectively were covered by ECEC. In 2020 and 2021, 96.4% and 97.8% of children respectively were covered by mandatory preparatory pre-school programme (Statistical Office of Serbia, 2022g).

**The lower income status of a child is highly correlated with a lower probability of participation in ECEC, with notable under-favouring of Roma children.** In 2021, contrary to the coverage rate of 63% of girls and 58% of boys with ECEC for the general population, the coverage of Roma girls and boys stood at 8% and 7% respectively. The coverage of non-Roma children with the preparatory pre-school programme was of 96% for girls and 98% for boys, whereas the coverage of Roma girls and boys stood at 73% and

79% respectively (Government of Serbia, 2022a; Statistical Office of Serbia, 2022a).

**The financing of ECEC is predominantly decentralized and most of the funding comes from local communities.** Until 2017, local communities were obliged to finance 80% of the costs of the ECEC programme per child and parents financed the remaining 20%. In 2017, the share of financing by local communities started to be regulated at a maximum value of 80%, enabling them to decrease this share of financing. This alteration was criticised as it could potentially further intensify already existing inequalities in access to ECEC. The mandatory pre-school preparatory programme is funded by the government. Private ECEC facilities not included in the public subsidies system are paid for by parents. Children without parental care, children with disabilities, and those living in financially disadvantaged families are exempted from paying ECEC. In 2019, 59% of parents covered the total price of the ECEC programme, 20% of them paid a reduced price, and 21% of them did not pay for ECEC services (Statistical Office of Serbia, 2022g).

## 12. Social protection

**The Constitution guarantees social justice and devotion to the European principles and values (article 1).** It prescribes that employees and their families are entitled to social insurance and social provision as detailed in respective legislation (article 69). The Constitution guarantees health insurance, pension insurance, unemployment insurance and a subsequent establishment of social insurance funds to its employed citizens (articles 68–70) as well as health care and social care for all citizens and families (article 69).

**Pursuant to Bismarck principles governing the organisation of the public social protection system, social insurance is a right of individuals who are employed and contribute to social insurance funds.** All the

mentioned areas of the social protection system are governed by separate laws which have been frequently amended.

**Despite the decreasing trend in social contribution rates, the contribution levels remain high.** Based on the 2022 amendments to the Law on Contributions for Social Insurance, as of 01 January 2023, social contributions for old-age and disability pensions stand at 24%, while the contributory rates for health insurance stand at 10.3% and those for unemployment insurance amount to 0.75% (article 44). The consequences for these elevated rates are threefold. First, in Serbia contributions are generally the tax category with the highest level of lacking discipline and evasions, and high debts by taxpayers have been continually accruing. Second, employers have been reporting minimum wages to their employees in order to pay the lowest possible taxes and contributions, which in turn results in their low pensionable incomes at the old age. Third, and most importantly, employers have been inclined to not officially report the employment of their workers so that they can avoid paying taxes and contributions all together.

**Informal work has been rather widespread across the economy.** In Q3 2022, according to the LFS, out of total employment of 50.8%, 14% referred to informal employment, meaning that 412,600 laborers were engaged in the grey economy (Statistical Office of Serbia, 2022c). Similarly, in 2021, out of the total employment rate of 48.6%, 13.2% was informal employment, meaning that 375,000 labourers were engaged in the grey economy (Statistical Office of Serbia, 2021b). Due to contributory-based rights of the social insurance system, the system is rather discriminatory towards workers who are informally employed.

**The Funds responsible for social security have been gradually tightening their rules in terms of the monitoring of paid social insurance contributions in order to achieve and maintain the sustainability of their respective systems. In parallel, and most im-**

**portantly, economy-wide initiatives aimed at improving the collection of social insurance contributions and suppressing informal economy were conducted.** The Government has established a Coordination Body for the Grey Economy Suppression whose last National Programme for the Grey Economy Suppression ended in 2020. Its objectives are claimed to be at least partially achieved or completely achieved. A new Programme has been announced for 2022-2025. It was planned to be open for public discussion by the end of February 2022, but there has been no publicly available information on the progress.

The suppression of the grey economy is within the auspice of the LI, which reports some long-standing irregularities regarding informal employment. As a rule, informally employed workers are predominantly youth, those without qualifications, formally employed workers who do not receive regular wages, formally employed workers who are 40 years old, and FSA beneficiaries. These individuals frequently perform high-risk labour especially in the construction sector, but also when performing seasonal work in agriculture. In 2021, the LI reported that 5,261 persons were informally employed (which is only 1.4% of the total number of those is informal employment according to data from the LFS), out of which approximately 60% entered formal employment after the LI supervision. The majority of the informally employed were found in the sectors of construction, accommodation and catering, trade, production of food products, personal services, business services, production of textiles, leather and footwear, processing of wood, and transport. Many of the informally employed were migrants and foreign citizens who were not contracted by employers even after the LI supervision. On the contrary, they were sent back to their countries of origin and were substituted by new labourers who were, yet again, mostly migrants and foreign citizens who were employed informally. This resulted in a general decrease in the numbers of individuals who transited into formal employment in 2021, compared to 2020. Based on the report from the LI,

out of the total number of employed migrants and foreign citizens, 17% were informally employed (Labour Inspectorate, 2022).

**Those formally employed have been confronting serious challenges in accessing adequate social protection.** On the one hand, public regulations prescribe a certain period in which a minimum payment of social insurance contributions must be paid in order to be eligible for certain benefits and services. The amount of benefits is strongly dependent on the duration and amount of paid social insurance contributions, rather than the needs of beneficiaries.

**Numerous forms of employment are under the radar in relation to the full recognition of employees' right to adequate social protection.** This circumstance is especially related to the development of the Draft Law on Work Engagement due to Increased Work Scope in Certain Areas, which was submitted to the ILO with to the aim of obtaining an expert opinion on its compliance with the relevant international standards. The ILO pointed out the non-compliance of terminology, highlighting that this is not only technical demand but a substantial issue that will result in lower protection of prospective employees, among other consequences. For example, the Draft Law provides for the possibility of entitling an employee to health care and health insurance only in cases of work-related injuries and professional diseases (article 23). Therefore, it provides the social insurance rate for health of 2%, while there is no provision for unemployment insurance (article 32).

**Processes of modernization are lacking in the social insurance system.** This is demonstrated by the lack of reforms in the currently existing schemes, which would result in an adequate social protection for all labourers. Voluntary pension and health insurance schemes are characterised by a low coverage and cannot substantially compensate for the current challenges. The introduction of long-term care insurance also does not seem as a feasible option, as presented in the eighth section of this chapter.

**In case they are not eligible for contributory-based benefits, labourers are entitled to benefits and services in the social care scheme.** As discussed in fourth section of this subchapter, the eligibility criteria in these schemes are rather tight, counting with activation requirements for able-bodied beneficiaries. The options of introducing more generous means-tested FSA do not seem feasible and the provision of non-conditional cash benefits for citizens are out of scope of interests of policy makers.

**According to public statistics, social transfers have been decreasing and are expected to experience even further decreases.** In 2021, out of the total public expenditures of 47.4% of GDP, social transfers accounted for 13.6% of GDP, and within this value, pensions accounted for 9.7% of GDP. In the Revised Fiscal Strategy for 2023-2025, it was estimated for 2022 that out of the total public expenditures of 46.8% of GDP, social transfers (out of which pensions) account for 13.0% of GDP (9.0% of GDP). Projections for 2023-2025 keep social transfers rather stable as a proportion within decreased public expenditures

**Table 1 – Total expenditures and social transfers, in %, 2021-2025**

	Executed	Evaluated	Projected		
	2021	2022	2023	2024	2025
Total public expenditures	47.4	46.8	44.2	42.5	41.0
Social transfers	13.6	13.0	13.0	13.2	13.1
Out of which pensions	9.7	9.0	9.6	9.9	9.9

Source: Government of Serbia, 2022e.

as presented in Table I (Government of Serbia, 2022e).

**According to ESSPROS, expenditures on social protection benefits stood at 20.3% of the GDP in 2020**, which is a number that stands 10.1 percentage points lower than the EU average, with the majority of expenditures accounted destined for old age pensions and survivors' function (53.8%) (Eurostat, 2023b).

**The European Quality of Life Survey shows that Serbia's population assesses the quality of social protection schemes as poor.** The public pension system is evaluated with 4.8 (out of 10), long-term care services with 5.4, health care services with 6.0 and childcare services with 6.2, which is lower than the EU average (Eurofond, 2022). The public contributory schemes do not offer adequate incentives for the contributors, due to the rather low adequacy of benefits and the contentious quality of services, with a strong role of informality.

### 13. Unemployment benefits

**The Constitution guarantees the right of employees to temporary unemployment benefits (article 69) in accordance with the laws regulating social insurance and employment.** Since 2019, the employer contribution rate has been abolished and the unemployment insurance contribution rate now stands at 0.75%, paid entirely from the gross wage. The right to activation support is described in more detail in section four of the first subchapter. Eligibility for the unemployment benefit requires at least 12 consecutive months or 12 non-consecutive months in the last 18 months of contributions. The grounds for the benefit effectuation are regulated according to the grounds for dismissal based on the will or faultiness of an employed worker. The duration of the benefit depends on the length of the coverage period and ranges from 3-24 months. The NES registers all employers and jobseekers and administers the benefits. During the disbursement

of unemployment benefit, beneficiaries are entitled to health insurance and old-age and disability insurance.

**Since 2018, the calculation method for the definition of the benefit amount has been changed, which effectively reduced already diminished generosity of the benefit system and thus does not create incentives for employment.** In 2021, on average the minimum gross monthly and daily amount of benefit stood at RSD 23,549.75 (around EUR 200) and RSD 773.74 (around EUR 6.5) respectively, while the maximum gross monthly and daily amount of benefit stood at RSD 54,591.58 (around EUR 463) and RSD 1,791.31 (around EUR 15) respectively. The minimum and maximum gross monthly benefits amounted to 52% and 120% of the gross minimum wage. In 2022, on average the minimum gross monthly and daily amount of benefit stood at RSD 25,282 (around EUR 215) and RSD 831.99 (around EUR 7) respectively, while the maximum gross monthly and daily amount of benefit stood at RSD 58,607 (around EUR 498) and RSD 1,928.68 (around EUR 16) respectively (National Employment Service, 2022a). Based on data available until 2018, the majority of beneficiaries (around 80%) were entitled to the minimum benefit (National Employment Service, 2019).

**The decreasing trend of beneficiaries covered continued in 2021 and 2022.** In 2021, each month 32,629 people exercised the right to unemployment benefits on average, which is approximately 8% lower than in the previous year, with women prevailing in the number of beneficiaries (53.03%). One third of beneficiaries were those whose employment ceased due to redundancy. The majority of beneficiaries were those entitled to the benefit for 24 months (11,062 beneficiaries, corresponding to 34% of the total number) followed by those entitled to the benefit for three months (7,680 beneficiaries, corresponding to 24% of the total number). In 2022, the number of beneficiaries was further diminished, amounting to at 30,878 individuals, out of which 15,915 were

women. Yet again, one third of beneficiaries lost their employment due to redundancy, whereas the majority were entitled to the benefit for 24 months, followed by those entitled to it for three months (National Employment Service, 2022a).

**The coverage of the registered unemployed receiving unemployment benefits was rising from 2016 to 2019 when it reached a maximum coverage of 7%, after which it decreased in 2020 and subsequently grew above 7% in 2022**, as presented in Table 2. The decreasing trend of the share of beneficiaries in the total number of unemployed reversed in 2021 and 2022 compared to 2020. Out of the registered unemployment of 477,564 job seekers, the coverage of those receiving unemployment benefits in 2021 stood at 6.8%, standing slightly above the rates reported in 2020 of 6.6%. In 2022, the coverage further increased to account for 7.2% of the regis-

tered unemployed. Nonetheless, according to this indicator, Serbia is one of the economies with the smallest coverage of this system in the international context (National Employment Service, 2022a).

**There is a strong declining trend in the total government expenditures on unemployment benefits.** Positive trends in the labour market and the tightening of conditions that led to a decreased number of beneficiaries, but also to a reduction in the replacement rate, influenced the long-term declining trend of the total expenditures associated with unemployment and related benefits. These expenditures were reduced from about RSD 23.6 billion in 2011 to around RSD 13.3 billion (around EUR 113 million) in 2019 and only RSD 9.5 billion (around 80 million) in 2020, a value which was maintained in 2021 and 2022 (National Employment Service, 2022a).

**Table 2 – Beneficiaries of unemployment benefits, 2016-2021**

Year	Number of beneficiaries	Out of which women, in %	Coverage of the registered unemployed with the benefit, in %
2022	30,878	51.54	7.2
2021	32,629	53.03	6.8
2020	32,377	50.34	6.6
2019	35,597	47.95	7.0
2018	37,720	No data	6.8
2017	39,823	No data	6.4
2016	42,478	No data	6.0

Sources: Based on National Employment Service, 2022a; National Employment Service, 2021b; National Employment Service, 2020; National Employment Service, 2019; National Employment Service, 2018; National Employment Service, calculated by the author.

**Apart from financial social assistance, there is no separate unemployment assistance support extended to jobseekers without contribution records** as detailed in the fourth section of the first and current chapter.

#### 14. Minimum income

**The Constitution guarantees the right to minimum income (article 69) which is operationalised in the Law on Social Care of 2011.** The most important elements of the current scheme of financial support were enacted as early as in 2004.





**The most important anti-poverty minimum income programme is the means-tested financial social assistance programme (FSA).** It is financed by the central budget and designed by the MoLEVSA. A total of 140 municipal CSWs equipped with 173 departments, are responsible for administering eligibility verification, certification, and payments. Eligibility is verified each year and whenever beneficiaries' circumstances change.

**The FSA programme provides income support for families or households that meet very strict eligibility criteria related to income, asset ownership, and the employment status of able-bodied members.** In 2021, the FSA provided for one member families was set at RSD 8,781 (around EUR 75). Each subsequent adult family member and child was entitled to RSD 4,391 (around EUR 38) and RSD 2,634 (around EUR 23), respectively. For instance, the FSA provided for a three-member household amounted to RSD 15,806 (around EUR 136), while

minimal average basket of goods and at-risk-of-poverty threshold were RSD 39,623.18 (around EUR 337) and RSD 43,315 (around EUR 368), respectively. Therefore, the benefit accounted for around 40% of the minimal basket of goods and was far below the a at-risk-of-poverty threshold (36%). In October 2022, the FSA for one member families was set at RSD 10,385 (around EUR 88). Each subsequent adult family member and child was entitled to RSD 5,193 (around EUR 44) and RSD 3,116 (around EUR 26 EUR), respectively. Compared to the minimum wage of October 2022 of RSD 33,804 (around EUR 288), families having two adults and three children (provided that they are eligible to child allowance) were able to "earn" values above the minimum wage through the support of the FSA. Since child allowance is targeted to children in poor families, it is frequently combined with the FSA, whose beneficiaries are as a rule entitled to some additional benefits, such as reduced electricity bills and one-off payments from the social care sector.

**As of 2004, able-bodied beneficiaries became entitled to the FSA (which was then called material provision for family) during a limited period of 9 months during a year.**

For the remaining 3 months, the beneficiaries were encouraged to become involved in the labour market through activation measures. To assess whether an able-bodied beneficiary is in compliance with the rules, the cooperation between the social care sector represented by the CSW and the NES was envisaged.

**The legal limitations of the FSA for able-bodied beneficiaries were followed by a by-law.**

The Regulation of the Measures of Social Inclusion of Beneficiaries of Financial Social Assistance of 2014 listed activation measures which included: formal and informal education, employment, medical treatment, and volunteer work in the local community (articles 2-10). The Regulation was strongly opposed by civil sector organisations whose primary argument against it was the sanctioning of those beneficiaries who would not accept to work. A procedure for the evaluation of the Regulation's legality was initiated by 57 CSOs, which resulted in the Constitutional Court eliminating two norms from the Law on Social Care, on which the Regulation was based, consequently making the Regulation null and void.

**The development of services has surpassed the domain of activation support measures by the CSWs, but the employment sector introduced certain activation measures targeting FSA beneficiaries.**

The social care sector has constantly experienced high workloads and understaffing, as a consequence of the Law restricting the maximum number of employees in the public sector, including the social care sector. In 2021, the percentage of users of benefits and services offered by CSWs in general, and not only those offered FSA reached 10% of the population, i.e. 707,565 individuals, while the centres counted with 1,673 employed professionals. In comparison to 2020, the percentage of users decreased by 0.2 percentage points and account-

ed for 727,087 individuals, with 1,671 employed professionals (Statistical Office of Serbia, 2022g). Even though not all beneficiaries of the FSA are able-bodied, the number of those included in the ALMP by the NES amounted to 5,230 individuals in 2021, out of which 2,724 were women, as opposed to 3,840 included individuals in 2020, out of which 3,024 were women. The number of individuals directed to the NES by the CSWs was 211 in 2020, out of which 93 were women, and 201 in 2021, out of which 119 women, which is surely a consequence of the unclear situation regarding their proceedings, from according to the Regulation of the Measures of Social Inclusion of Beneficiaries of Financial Social Assistance.

**The coverage of the population receiving FSA is low and decreasing.**

In 2017, it accounted for 3.7% of the population in Serbia (approximately 260,759 users), which was higher compared to the coverage of 2.3% in the period prior to the enactment of the Law on Social Care of 2011. In 2021, primarily due to stricter eligibility criteria, the share of beneficiaries fell to 2.8% of the population, reaching a total of 204,286 beneficiaries (Statistical Office of Serbia, 2022a).

**In Serbia, the at-risk-of-poverty rate is decreasing, but it remains comparatively high to the EU average.**

Despite constant decreases of the at-risk-of-poverty rate as of 2017 as presented in Table 3, in 2021 this rate stood at 21.2% (significantly higher than in the EU average of 16.8%). A drop in the recorded at-risk-of-poverty rate of 0.5 percentage points was witnessed in 2021, mainly as the result of the supportive financial packages disbursed to the general population in the form of unconditional transfers during the COVID-19 pandemic. The unemployed were those who are at the highest at-risk-of-poverty rate (48.6%), as opposed to those who were employed (5.4%) as presented in the second section of the second subchapter (Government of Serbia, 2022a; Eurostat, 2023). Additional concern comes from the indicators of the quintile ratio (S80/S20), which in 2021 stood at 5.9, showing that 20% of

the richest population (fifth quintile) had 5.9 times higher incomes compared to 20% of the poorest (first quintile). Nevertheless, as presented in Table 3., this indicator has been showing signs of improvement (Government of Serbia, 2022a).

**One-off financial support is also offered to the general population and varies from one local community to another.** It has been frequently criticized from the point of view of prospective party clientelism.

**Table 3 – Poverty and social exclusion, 2017-2021**

Indicator	2017	2018	2019	2020	2021
Poverty-at-risk rate, in %	25.7	24.3	23.2	21.7	21.2
Poverty-at-risk threshold (monthly average), RSD					
One-member household	15,600	16,615	19,381	22,000	24,064
Household with two adults and child aged below 14	28,080	29,907	34,886	39,600	43,315
Household with two adults and two children aged below 14	32,760	34,892	40,700	46,200	50,535
At risk of poverty or social exclusion, in %	36.7	34.3	31.7	29.8	28.5
Quintile ratio S80/S20	9.4	8.6	6.5	6.1	5.9
Gini coefficient	37.8	35.6	33.3	33.3	33.3
Persistent poverty-at-risk rate	18.4	19.6	15.9	14.5	16.5

Source: Statistical Office of Serbia, 2022f.

**Although the Draft Law amending the Law on Social Care has been finalized, amendments to the Law have been substantially delayed**, as they were scheduled for Q1 2020 but have not been yet adopted. As per the Action Plan for Chapter 19, the amendments aim to achieve a more equitable distribution of budget resources and more effective social inclusion measures for able-bodied beneficiaries of financial social assistance, whereas better targeting should also lead to the improved adequacy of financial social assistance. The adoption of the Social Care Development Strategy in Serbia and the Action Plan for its implementation scheduled for Q3 2020 has also been substantially delayed. As per the Action Plan for Chapter 19, it will encompass, among other measures, the reduction of the effects of poverty (Government of Serbia, 2020a).

**Recent legislative change in the field of Social Care, which was conducted during**

**2021 and came into force in April 2022, is the introduction of the Law on Social Card, which allowed for the Registry of social cards to become operational.** Its purpose is to enable better insight into the incomes of FSA beneficiaries to limit what is frequently referred to by policymakers as “abuses of the programme”, by establishing connections with databases from all governmental bodies. There are strong concerns that the Law will effectively further decrease the coverage of the programme, and has been faced with strong opposition from civil sector activists, due to the controversial consequences on personal data protection, inadequately defined limits of data collection, wider scope of collected data than those necessary, inadequate maintenance and storage of data etc. (All Initiative for economic and social rights, 2022). One of already observed deficiencies is dropping out of FSA beneficiaries from the benefit or its lowering (depending on the income earned) in case they earn an income for a

month, despite the fact that they do not have any income in the month to follow. After the registration of an income, the revision process is started and the FSA is adapted pursuant to the situation. In case the beneficiaries stop receiving an income, they have to renew the application for FSA.

**In 2021, expenditures for the FSA accounted for 2.1% of GDP**, amounting to a cost of RSD 6,268 (around EUR 53) per citizen (Government of Serbia, 2022a). In 2020, the expenditure for the programme accounted for 3.4% of GDP, which resulted in a cost of around RSD 7,878 (around EUR 67) per citizen (Statistical Office of Serbia, 2022g). Having in mind at-risk-of-poverty rate, the funds are not sufficient to cover all those in need.

## 15. Old-age income and pensions

**The Constitution stipulates that the pension insurance is regulated by law and that the Government of Serbia is responsible for attending to the economic security of the pensioners** (article 70). Apart from the public (and voluntary private) contributory-based pension systems, there is no universal offer of pensions to the elderly. Still, as mentioned in the previous section, all citizens that require welfare for ensuring their subsistence, including the elderly, have the right to social care.

**The coverage of the elderly within the public pension system has been oscillating, but it is well above 80%.** It accounted for as high as 88% of the elderly in 2018 (Government of Serbia, 2020a). This is considered an adequate coverage. However, in 2021 this was not supported by data on at-risk-of-poverty rates since the population aged 65+ was exposed to poverty rates above the average. Their at-risk-of-poverty rates was higher by 1.5 percentage point compared to the general population. The majority of those who are not covered with the public pensions are women. Consequently, they are more exposed to life in poverty. In 2021, male and female at-risk-of-poverty rates stood at 20.2% and 24.7% (Statistical

Office of Serbia, 2022f). In the future, there is a risk of a lower coverage of public pensions, due to the rather modest employment rates in the last 30 years or so. It can be expected that in the coming years there will be an even more pressing need to introduce more effective mechanisms that ensure living in dignity to the elderly, outside of the contributory public pension system.

**The pension system has been confronted with serious challenges, the most pressing of which refers to its sustainability and the adequacy of pensions.** The adequacy of pensions has been jeopardized by numerous reforms in the past, including the introduction of a point formula for the calculation of pension benefits and sanctions for early retirement, taking into consideration the full pensionable age instead of the 10 years most favourable to the contributor, among others.

One of the most prominent factors that contributed to the jeopardized adequacy of the system has been the freezing of pensions within the package of austerity measures in 2009 and 2010, and then again from 2014 to 2018. In the meantime, due to the positive results of the fiscal consolidation programme, pensions were increased three times – in 2015, 2016 and 2017. The legislative changes in 2018 provided for regular indexation of pensions in January each year as of 2020 and the so-called Swiss indexation mechanism. During the COVID-19 crisis and the post pandemic period, pensioners, as well as the whole population, were targeted with monetary incentives so that their living standard could be preserved. In 2020 and 2021, the pensions were indexed for 5.4% and 5.9% respectively. Additionally, in January and November 2022, they were indexed for 5.5% and 9%, whereas at the end of December, the Government announced the regulation on increased pensions for pensioners with incomes below certain threshold, to be valid as of January 2023, when the pensions were increased for 12.1%. Finally, indexation rules had their prominent role in decreased adequacy of pensions. The Swiss formula did not effectively stop the raise of pensions as it was expected, which was further

**Table 4 – Ratio of average pension and average wage, 2008-2021**

Year	Average wage, in RSD	Average pension, in RSD	Ratio
2008	32,746	17,639	53.9
2009	31,733	19,788	62.4
2010	34,142	19,890	58.3
2011	37,976	21,285	56.0
2012	41,337	23,024	55.6
2013	43,932	23,947	54.5
2014	44,530	24,084	54.1
2015	44,432	23,196	52.2
2016	46,097	23,488	51.0
2017	47,893	23,913	49.9
2018	49,650	25,317	51.0
2019	54,919	26,343	48.0
2020	60,073	27,759	46.2
2021	65,864	29,377	44.6

Source: Disability and Pension Fund of Serbia, 2022.

modified during the past years and suspended for some time to be re-entered, being currently valid. Despite the extraordinary Government relief measures, the above mentioned processes resulted in an almost continuously decreasing share of an average pension within an average wage as presented in the Table 4.

**A precautionary protective legislative measure that prohibited the average pension to fall below 60% of the average salary was waived in 2009.** In 2021, the average pension stood at RSD 31,342 (around EUR 267), whereas the average pension of farmers stood at RSD 12,616 (around EUR 107).

**The replacement ratio stands at around 60%, which is a relatively generous provision internationally and around the EU11 average, but below the EU27 average.** There is relatively high proportion of early retirees in the economy, as well as a significant number of pensions based on accelerated years of service. This rather low effective pensionable age in the past and unfavourable dependency ratio resulted in the Government's appropriations to cover all expenditures of the National Pension and Disabil-

ity Insurance Fund. Expressed in the percentage of GDP, they were reduced from 5.7% of GDP in 2014 to 2.9% of GDP in 2018 (Government of Serbia, 2020a). The share of pension spending in the GDP declined from 13% in 2014 to 10.3% in 2018 (11.4% in 2015, 10.9% in 2016 and 10.5% in 2017) (Government of Serbia, 2020a) and was further to diminished to 8.8% of GDP in 2022, although when taking into account the expenditures for increased payments and one-off payments, it stood at 9.5% of GDP. Other indicators have been also improving: in 2021, the dependency ratio stood at 1:1.7 and the effective pensionable age was of 64 for men and 63 for women (Disability and Pension Fund of Serbia, 2022).

**Social pensions are absent from the public discourse.** During the 2000s, there was a positive discourse initiated by CSOs and some think-tanks (such as FREN) around the introduction of the so-called social pensions for the elderly who were not eligible for pensions in the contributory schemes. Its introduction was conditional upon the reduction of pension expenditures to below 10% GDP. However, there have been no signs of such proposals in public policies.



**Employment rates in the future are of decisive impact for the performance of the pension scheme.**

In the short and mid-term, the revenues of the pension scheme are a challenge due to the low employment rates and the evasion of employers to pay old-age and disability insurance contributions to a full salary. In the long-term, short employment trajectories and intensive demographic ageing will be the strongest threats to the sustainability of the public pension system. Currently, the improved sustainability of the pension system is a consequence of reduced pension amounts and stricter eligibility rules, including sanctions for early retirement. In this sense, fiscal sustainability is achieved at the cost of pension adequacy and does not provide strong incentives for employed workers to contribute to the pension insurance.

**Female contributors have narrowing incentives in the pension scheme.**

The pensionable age is lower for women, without an effect on the amount of their pension benefit, but these criteria have become gradually tighter, since they have been lowering from 15% to 6% incen-

tives for women. Namely, currently the pension amount calculation for women takes into account the pensionable insurance years increased for 6% to come gradually to 0% in 2032, when women will be eligible for old-age pensions at the age of 65, which is case for men already. In 2023, women are entitled to an old-age pension at the age of 63 years and 6 months.

**Up until 2017, female old-age pensioners lived shorter lives than their male counterparts, despite women having a longer life expectancy in Serbia.**

From 2017 to 2019, both female and male old-age pensioners lived for an average of 78 years. In 2020 and 2021, life expectancy for female old-age pensioners increased by one year. This indicates the extraordinary high burden placed on women who were employed for long enough to earn their old-age pensions and calls into question the “non-discriminatory” clause of the pension system in terms of their pensionable age.

**The elderly are entitled to the FSA in an amount that is 20% higher than the usual**

**value, since they are incapable to work.** In 2021, this amount stood at the extremely modest value of RSD 12,462 (roughly EUR 105). However, the Law on Social Care introduced the responsibility of every person to satisfy their own needs and the needs of their families (article 80), which effectively discouraged the elderly to take-up the benefit, since it requires them to demonstrate at court that their family members are not able to sustain them. In 2021, the share of the elderly within the total number of FSA beneficiaries stood at 12.4%, up from 7.5% in 2020 (Republic Institute for Social Protection 2022a; Republic Institute for Social Protection, 2022). Similarly to social pensions, the expansion of the social care scheme coverage to encompass more elderly individuals is out of the scope of public policy discussions.

## 16. Health care

**The Constitution proclaims that everyone has the right to the protection of their mental and physical health.** Nevertheless, free health care in Serbia is not universal. It is extended to children, pregnant women, mothers on maternity leave, single parents with children under seven years of age and the elderly, and it is financed by public revenues, unless it is provided in some other manner in accordance with the law. **Health insurance and healthcare are regulated by laws (article 68).** The two main governing laws are the Law on Health Care and the Law on Health Insurance, both approved in 2019. In 2022, the Programme of Health Care Digitalisation in Serbia for the period from 2022 to 2026 was enacted with the accompanying Action Plan for 2022-2023. The Programme has an overall objective of developing more efficient and accessible health care, equipped with of higher quality provision of services based on the digitalisation of the system and safe usage of services. One of the objectives is for each patient to have a single electronic health document available to all physicians treating them (Government of Serbia, 2022g).

**The healthcare system in the economy follows a Bismarck model, counting with the provision of 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 and enables faster access to services and enhanced consumer choice.**

**Around 97% of the population is covered by public healthcare services.** Out of that number, 20% belongs to vulnerable groups, and their health care is financed by the Government (Government of Serbia, 2018c). In contrast to this official data on coverage, independent research shows that there are numerous gaps in health care provision. They report the actual lack of access to health care, either due to geographical, cultural, or financial obstacles, most notably affecting the Roma, the elderly, rural inhabitants, the poor, and other vulnerable groups.

**According to the latest MICS of 2019, almost all children in Serbia have access to health care** (covering 99% of children under 17 years). However, the rates are lower for children in Roma settlements, amounting to 96% of children aged under five and 97% of children aged 5–17 (UNICEF, 2020). The situation with Roma children has been significantly improved upon the introduction of Roma health care mediators in the 2000s.

**The number of active physicians has been stagnant at around 20,000 professionals since 2007.** The same number was quoted by the Minister of Health in 2020 at the height of the COVID-19 crisis. As of 2010, the ratio of physicians to every 1,000 inhabitants stood at 2.9, with the exception of 2016 and 2017, when it stood at 2.8. In 2021, it increased to 3 physicians per every 1,000 inhabitants (Statistical Office of Serbia, 2022g). One physician served on average 353 inhabitants in 2016, while that ratio dropped to 343 in 2020, largely due to the population shrinking. Similarly, the number of hospital beds has oscillated at around 40,000 beds in the same period (39,314 in 2016 to 39,956 in 2020) (Statistical Office of Serbia, 2022a).

**Public surveys evaluating the quality of health care services, measured by the satisfaction of patients and providers, show mainly declining trends, although data indicates the maintenance of a rather high satisfaction with the services provided.**

As of 2010, the satisfaction of patients with the primary healthcare sector is the lowest compared to the satisfaction with the tertiary healthcare sector, which is the sector held at the highest regard. In 2019, the same pattern was observed. The satisfaction of patients in the primary healthcare sector amounted to a score of 3.97 out of 5, while the secondary healthcare sector reached a score of 4.06, and the tertiary healthcare sector was evaluated with a score of 4.31 (Institut za javno zdravlje, 2020a). The satisfaction of service providers has been decreasing from 2009 to 2016. However, a reversing trend was experienced in 2017 and in 2018, where the percentage of satisfied service providers was of 46.8%, compared to 19.7% who were unsatisfied. The percentage of those who were neutral was constant, standing at around 34% of service providers. The most satisfied were those providing services in the primary healthcare sector and those working in psychiatry (Institut za javno zdravlje, 2020b).

**Life expectancy, as another indicator of the quality of healthcare services, has started to show steep deterioration, thus falling further behind in the comparative perspective.**

The average life expectancy was extended from 2011 to 2019, from 71.9 to 73.1 years for men and from 77 to 78.3 years for women. However, from 2020 to 2021, a shorter life expectancy was recorded. In 2020, it stood at 71.3 and 77.2 years for men and women respectively, while in 2021 it further dropped to 69.9 and 75.6 years for men and women respectively (Statistical Office of Serbia, 2022g).

**Healthcare expenditures have accounted for approximately 10% of GDP in the last twenty years, which despite being a high ratio, does not deliver the expected outcomes. Second-**

ary and tertiary healthcare account for the main sources of expense, amounting to around 73.2% of all expenditures, despite proclamations of the primary healthcare as the gatekeeper of the system. The altered formula for the financing of primary, secondary, and tertiary levels of healthcare did not result in the expected savings. Currently, there are no plans attempting to improve the fiscal sustainability of the healthcare system. Out-of-pocket-payments are very high – in 2018, they were as high as 38.3% of total expenditures for healthcare (Government of Serbia, 2022a). The parallel existence of a private healthcare system and its specific regulations are the dominant factor contributing to this conjuncture. The Household Budget Survey (HBS) of 2021 showed that health consumption of households stood at 4.59%, which remains as a relatively stable figure since 2016, with the exception of 2020, as data for the year is not available since the HBS was discontinued by the SORS due to COVID-19 (Statistical Office of Serbia, 2022h; Statistical Office of Serbia, 2020b). Nevertheless, it could be assumed that health care expenditures and out-of-pocket payments have been increased during the COVID-19 crisis and the post-pandemic period, as the healthcare system was almost exclusively orientated towards the mitigation of the effects of COVID-19, which consequently increased the need of prospective patients to pay for the health care in the private sector. Alternatively, prospective patients delayed their visits to physicians, which could potentially have consequences in their health in the future.

In 2022, the acute health crisis caused by the need to adapt the healthcare system to COVID-19 crisis was discontinued. However, a series of challenges (re)emerged in terms of improving the functioning of the systems of capitation and diagnosis related groups, decentralizing health care provision, improving its quality indicators, effectively stopping the emigration of medical staff, etc. Capital investments into the healthcare system are expected to improve its accessibility and quality, while there have been steps taken towards employing more medical professionals in the sector.



## 17. Inclusion of people with disabilities

**The Constitution guarantees to people with disabilities protection from discrimination (article 21), special protection at work (article 60) and special protection in the system of social care (article 69). Those guarantees are operationalised through a series of general laws, and through laws targeting specifically PWD,** which include the Law on the Prevention of Discrimination against Persons with Disabilities and the Law on Employment and Professional Rehabilitation of Persons with Disabilities, among others. The Law on Employment and Professional Rehabilitation of People with Disabilities of 2009 with the latest amendments of 2022 prescribes incentives for the adaptation of the working process and working tasks to the capabilities and needs of persons with disabilities. Additionally, it regulates adaptation in terms of supporting a person with disabilities with training, assistance, etc. (article 23), and enables employers to be refunded for the costs associated with adapting the working environment (article 31).

**The social care sector targets PWD with two main strategies.** The Strategy for Improving the Status of Persons with Disabilities for the period of 2020-2024 aims to continuously implement activities contributing to the improvement of the social position of PWD by removing the obstacles they face in different spheres of social life, with the goal of enabling them to exercise universal rights on an equal footing with the general population. The Strategy aims at empowering PWD, in terms of ensuring participation, equality, employment, education and training, social care and health care, among other measures (Government of Serbia, 2020b). This is strongly supported by the Strategy for Deinstitutionalisation and Development of Community-Based Services of 2022, whose objective is to guarantee the human right to life in community to social care beneficiaries. One of its most important elements is the devotion to the development of employment opportunities for PWD, in partnership with social enterprises (Government of Serbia, 2022f).



**The number of PWD registered with the NES has been decreasing.**

In 2020, there were 19,226 PWD registered with the NES, out of which 7,942 or 41.5% were women, while 12,897 of them were unemployed, out of which 5,574 or 43.2% were women. In 2021, there were 18,833 PWD registered with the NES, out of which 7,996 or 42.5% were women, while 12,628 of them were unemployed, out of which 5,539 or 43.9% were women. Finally, in 2022, there were 17,994 PWD registered with the NES, out of which 7,638 or 42.4% were women, while 12,131 of them were unemployed, out of which 5,298 or 43.7% were women (National Employment Service, 2022a).

**The number of PWD included in ALMP increased in 2021, compared to 2020.**

In 2020, 3,797 PWD were included in ALMP, which is lower than in 2021 and 2019, as a result of the measures aiming to address the COVID-19 crisis in 2020. In 2021, 4,592 PWD were included in ALMP measures, reaching a total of 36% of the unemployed PWD. Most of them (2,743 individuals, or around 60% of PWD beneficiaries) were included in trainings for active search for work, followed by subventions for employers employing PWD (involving 969 individuals, or around 21% of PWD beneficiaries), and public works (800 individuals, or around 17% of PWD beneficiaries), while the remaining were included in programmes of work environment adaptation and professional support to newly employed PWD (53 individuals) and additional training and education (27 individuals). Additionally, out of the total number of 32,629 beneficiaries of unemployment benefits, 852 beneficiaries were PWD, representing a share of beneficiaries as low as 2.6% (National Employment Service, 2022a).

**The Law enables the establishment and organisation of enterprises for the vocational rehabilitation and the employment of PWD.**

Based on data from 2020, there were 52 of such organisations accredited by the MoLEVSA. Fourteen other organisational forms fulfilled the conditions, criteria, and standards for the implementation of vocational rehabilitation measures

and activities, being subsequently accredited by the MoLEVSA for the implementation of training programmes (Government of Serbia, 2020a). Currently, there are 61 enterprises for vocational rehabilitation and employment of PWD in the economy accredited by the MoLEVSA (Government of Serbia).

**The social care scheme offers benefits to PWD, such as FSA and disability allowances.**

The FSA is conditional upon means-testing and is not exclusively targeted to PWD, as previously discussed. In case they are eligible, PWD are entitled to financial social assistance with a 20% increase in the usual amount. Specific benefits targeting PWD are the supplement for other person's assistance and care and increased supplement for other person's assistance and care. After 15 years of caring for his or her child, one of the parents of a child who is fully disabled, and thus eligible for increased supplement for other person's assistance and care, might become eligible for a minimum pension, under the condition that they do not work (articles 92-94). Finally, the training support is a benefit targeted to children, youth and PWD that can be trained for an employment. Three types of costs are covered by the support: training, accommodation into the education facilities, and transportation costs (articles 108-109). In 2021, 5,080 persons were entitled to a supplement for other person's assistance and care and 34,801 individuals were entitled to an increased supplement for other person's assistance and care, consisting of a decrease from the coverage of 2020, when their numbers accounted for 5,604 and 36,250 respectively. The share of persons entitled to increased supplement for other person's assistance and care within total population stood at 0.5% as of 2011 (Statistical Office of Serbia, 2021g).

**The social care scheme offers services to PWD, aimed at their inclusion.**

Among other services, these include services of residential care, foster family care, community care (daily care and in-home support) and support to their



independent life (housing with support, personal assistance).

**In 2020, PWD presented 11.7% of the users of benefits and services of CSWs.** In nominal terms, there were 62,982 PWD registered with the CSWs, while the majority of them experienced physical disabilities (47%). The most frequently used service was the residential care with 15,236 of PWD in residential care facilities in Serbia. In the last five years, the number of PWD in residential care increased by 7.4 percentage points. The most expressive group of PWD in residential care are those with mental health impairments, amounting to 26.1% of beneficiaries. Services of daily care were used by 1,334 PWD, which is an increase by 185 percentage points compared to 2017. In-home support was offered to 7,033 PWD, predominantly to the elderly. 284 PWD were entitled to personal assistants and supported housing was enjoyed by an even smaller number of 21 PWD. In the last five years, their number was halved (Republic Institute for Social Protection, 2021b).

**Health care regulation also offers specific services to PWD,** such as medical rehabilitation in case of illness or injury, walking and mobility aids, and sight, hearing, and speech aids, while the education regulation governs that education must be inclusive, encompassing PWD.

**One of the shortcomings of the fragmented approach in place is the lacking joint definition of PWD in different sectors in Serbia. Diversified criteria defining disability in different sectors results in inadequate data collection on many aspects of their life which would be necessary for the effectuation of their inclusion.**

**Data on the number of PWD in Serbia dates to the Census of 2011,** when this population segment was compiled for the first time in Serbia, rendering this data outdated. At that time, 8% of the population was registered as PWD. Based on those criteria and having in mind the reg-

istered 6,690,887 citizens in the Census of 2022, it could be deduced that 525,270 of citizens were PWD, but this estimate should be treated with high caution. Data from the 2022 Census will enable more reliable insights.

## 18. Long-term care

**Long-term care (LTC) is regulated as a shared responsibility among the sectors of social care, healthcare and old-age and disability insurance. It is operationalised through a series of laws,** some of the most important being the Law of Social Care, the Law of Health Care and the Law on Old-Age and Disability Insurance. Some of the aspects of long-term care regarding the work-life balance of care work providers, the care of children with disabilities and the care of PWD are presented in fifth section of the second chapter, the first and seventh sections of this chapter, while the focus here is to discuss the provision of LTC to the elderly.

**According to the latest Survey on the Health of the Population of Serbia from 2019, slightly less than a third of the elderly had serious difficulties in performing activities of daily life, and almost every tenth elderly needed assistance in performing personal care activities.** Among the elderly with difficulties in performing activities of daily life, more than a third (37%) reported an unmet need for assistance. As for the elderly with difficulties in performing personal care, almost half (44.8%) had unmet needs for assistance (Institut za javno zdravlje, 2021).

**Paid leave to support an elderly family member with care needs is defined as the right of an informal caregiver who is in employment.** According to amendments made to the Labour Law, the duration of paid leave has been shortened to 5 working days a year. The care leave benefit is not granted exclusively in instances in which an elderly family member demands care, being also available for family members in gener-

al, and it does not explicitly prescribe care needs, but a severe disease of a family member. The paid leave is calculated based on the average earnings in the 12 months prior to the start of the leave. There is no data on the use of care leave due to caring obligations towards elder family members. The challenges faced by caregivers are related to innadequate public care services and unaffordable private care services. The care system is heavily based on informality (Perišić, Satarić, 2021). In such circumstances, family members with a lower salary typically shorten their working hours to provide care (Babović et al., 2018). These are frequently women as they earn lower wages, as presented in sections two and three of the first subchapter. Besides, flexible working arrangements are rather limited. The ALMP does not provide incentives for persons with caring responsibilities to reenter the labour market.

**Eldercare services are organised in two forms within the social care system: residential services and in-home care services.**

The latest strategy in the field of de-institutionalisation of 2022 continued the path of developing community-based services in order to create conditions for the development of sustainable and appropriate alternative community services for the elderly, while the pending social care strategy also aims at supporting adults and the elderly, especially those with disabilities (Government of Serbia, 2022a).

**The establishment of integrated social-health care residential services, which could be an adequate option for those in LTC, is foreseen in the Law on Social Care of 2011, but there have been no current developments regarding that the establishment of these services. Residential care is provided in around 40 public facilities and 100 private facilities.** In 2021, the public sector accommodated 5,603 elderly individuals, covering 0.4% of the elderly population in Serbia, which is a steep decrease compared with 2018, when 6,405 elderly individuals were accommodated by public

facilities. There are only estimates regarding the number of the elderly accommodated by the private sector, which indicate that the sector covers around 3,000 elderly (Statistical Office of Serbia, 2022g). There are substantial regional differences regarding the availability of residential care. Some local communities do not have public residential services for the elderly, in which case the elderly in need of care is moved to facilities in another local community.

**The demand for private residential care is a result of long waiting lists for public residential care and the urgent need for accommodation due to the deteriorating health conditions of elderly care recipients.** Therefore, residential care is most frequently provided to those with specific functional and health problems and rarely presents an option for an independent life in old age. Private residential care is provided on an individually funded basis, and prices are market driven. Initiatives of subcontracting with the public sector have been in place since 2018, when around 20% of the total number of private homes signed framework agreements with the MoLEVSA. As of 2022, the Ministry ceased subcontracting a part of the private residential care providers and co-funding the costs of care.

**Despite the licensing procedure, both public and private residential care has been confronted by serious challenges regarding the quality of care provided.** Although regular reports on the topic are rare, the Ombudsperson's reports indicate that the provision of care in the economy is sporadically of low quality and that there are different kinds of mistreatments of care receivers. The prohibition of employment in the public care sector, including in public residential care facilities for the elderly, has effectively contributed to the extremely high workload of employees caring for the elderly and thus decreased the quality level of services. Private residential care for the elderly is frequently labelled as one that determines ultimately unjusti-

fied high costs of care for their beneficiaries. The voluntary sector is absent from the provision of residential care services, with the important exception of providing palliative care. A voluntary sector organisation leads the only hospice in Serbia – ‘BelHospice’ – and their services are free of charge (Bogićević, 2020). Due to the rather limited scope of the hospice and insufficient capacities in public hospitals for palliative care, it is clear that families primarily have the responsibility of taking care of their dying elder family members in their own homes.

**The majority of the elderly in Serbia live in old-age households, which are households without members below 65 years of age.**

Women are more affected, since they live longer. The general population of the elderly frequently reports that they can live in their houses, with certain support.

**The provision of in-home support care service** is the right of citizens who are not able to take care of themselves and who do not have any family members to provide care for them. It is the most developed eldercare service, but its coverage is still inadequate. **It covers only 1.24% of the elderly, reaching around 15,000 service users.** In-home care has been developing at a stable pace since 2012 and 84% of local communities offer these services. However, the service intensity is not equal throughout Serbia, as these are available in only less than half of local communities in the economy. In these cases, the service is provided during the whole year, covering 57% of users. For slightly more than half of the users (55%), these services are provided by public providers. The public sector’s provision share decreased compared to 2012 when it covered 74% of care receivers. On the other hand, the voluntary sector’s role has increased – the percentage of service users covered by their services grew from 26% in 2015 to 34% in 2018. Moreover, in 2015 private sector providers started offering their services for the first time, and currently cover 9% of all care services users. Most service users

are from the urban area, but the difference in usage between their rural counterparts is not extreme, seeing that 52.5% of users are from the urban areas, and the rest are from the rural areas. A noticeable difference is observed regarding gender – 71% of care receivers are women (Matković, Stranjaković, 2020).

**Benefits related to eldercare include the different types of allowances for the support provided by caregivers. Two such allowances can be exercised in the social care system and one in the old-age and disability insurance system.**

Eligibility criteria are dependent on the medical situation of applicants and not on their capacity for functioning independently. The right to allowances in the social care system can be exercised regardless of the previous employment status. In contrast, the right to allowance in the old-age and disability insurance system is dependent on the retirement status. The social assistance system acknowledges the right to an allowance in a regular and in an increased amount, depending on the level of incapacity. The allowance amount in the old-age and disability system is defined at a unique, flat-rate level. In 2022, the lower share of allowances in the social care system amounted to approximately half of the minimum wage, while the higher share of allowances in the social care system amounted to 1.4 minimum wages. The allowance in the old-age and disability system amounted to three quarters of the minimum wage. Therefore, significant efforts from the elderly themselves and their family members are demanded to cover care needs. The number of the elderly receiving allowances from the social care system is rather low. In 2020, 5,605 and 13,699 of the elderly exercised the right to an allowance in a regular and in an increased amount, respectively. In the last five years, the number of the elderly receiving an allowance in a regular amount decreased by 12.3 percentage points, while the number of the elderly receiving an allowance in an increased amount increased by 5.6 percentage points (Republic Institute for Social Protection, 2021b). The number of beneficia-



ries of an allowance in the old-age and disability system is high when compared with the number of beneficiaries in the social care system. In 2021, it stood at 75,608, which is a decrease compared to 2019 and 2020, when there were 79,949 and 78,822 beneficiaries respectively (Disability and Pension Fund of Serbia, 2022).

### **19. Housing and assistance for the homeless**

**The Constitution does not contain explicit Government obligations in the area of housing and assistance for the homeless.**

The Law on Social Housing of 2009 was adopted to enable the creation of a social housing stock and decentralise the responsibility for resolving housing issues, by transferring this responsibility to local communities. The National Strategy of Social Housing of 2012 was not followed by a new one. The domain of social housing is a part of the Strategy for Improving the Status of Persons with Disabilities for the period from 2020 to 2024 which

encourages access to social housing and housing assistance to PWD, without explicit referencing to the homeless.

The Law on Housing and Maintenance of Buildings, along with its latest amendments of 2020, regulates the provision of housing support to people without adequate housing. This housing support can come in the form of the housing care, which is defined as a provision of a temporary accommodation, among other benefits, to the homeless. The homeless are specified in the Law as the users of housing support to whom specific housing programmes are targeted. Housing support ranges from social housing to the provision of urgent and temporary accommodation in shelters (articles 89 and 103). The Law also regulates the issues of evictions, especially in cases of substandard settlements, as mentioned in the following section of this chapter. The Strategy of Sustainable Urban Development until 2030 of 2019 counts with references to the homeless in the context of the obstacles to the development of industrial and



commercial zones. Still, it takes into account the low quality of appropriate housing in Serbia, high housing costs, lack of continuous funding of housing support, insufficient funds for the reduction of poverty and social exclusion, etc. (Government of Serbia, 2019).

The Strategy for Deinstitutionalisation and Development of Community-Based Services of 2022 does not contain references to the homeless. The Law on Social Care governs the provision of material support, which despite not being specifically targeted to the homeless, entitles this population segment to the FSA and one-off payments. The services targeting the homeless population include the right to accommodation in foster families and residential care, in addition to accommodation into shelters, as a service specifically designed for the homeless. Furthermore, services of daily care and support to an independent life are offered to the homeless, such as supported housing and training for independent life, among other services. In 2019 and 2020, the percentage of the homeless in the total number of the users of services and benefits of CSWs was as low as 0.18% and 0.2%, covering around 1,450 users (Republic Institute for Social Protection, 2021b).

**The service most frequently used by the homeless is shelter care, which is designed as a temporary measure of short-term housing** (6 months at the maximum), offering safety to their users to enable them to find sustainable solutions for their condition, meet their basic needs and access other services provided (article 55). Along with housing, shelters offer food, the provision of personal hygiene items and health care services. Frequently shelter care transits into long-term measure, since it is provided for by the by-law that it can last longer than 6 months in exceptional circumstances. Alternatively, the homeless are accommodated into residential care, be it in homes for the elderly or facilities for people with disabilities. Shelters for homeless children also exist, which operate separately from other housing services respecting the principles of childcare. Daily centres provide daytime accommodation for

the homeless, along with the provision of food and personal hygiene items. Finally, safe houses are offered in the form of a temporary housing in the duration from 3 to 6 months to women who are victims of domestic violence and their children, and in addition to the provisioning of housing, these houses offer a wide range of services.

**Shelter care is not fully accessible to the homeless.** The shelters in Belgrade and Novi Sad are the largest, with the capacities of 104 and 60 beds respectively. During winter months, the capacities of these shelters are not sufficient for the demand of their services (Nikolić, 2021). In the rest of Serbia, there are around 13 to 16 shelters with inadequate capacities (All inicijativa za ekonomska i socijalna prava, 2021). Daily centres are also not accessible and the civil sector organisations have been developing these services in large. Finally, there were 13 safe houses in the economy in 2020 (Beker, Milošević, Čović, 2020).

**The availability of shelter care has been a long-standing problem in the social care system, which was aggravated during the COVID-19 state of the emergency in 2020, due to restrictive measures that effectively disabled the usage of these services.** For example, in 2019, 390 users transited the Belgrade shelter, in contrast to the total number of 196 individuals in 2020. In 2020, the Belgrade shelter was accompanied by two additional facilities – a daily centre and a club for the elderly, which were adapted for the housing needs of the homeless, an endeavour which mitigated the situation of homelessness in the capital. One of these facilities started to already be used in 2020, but the other one started to be used as late as in December 2022, as a facility providing temporary stay during the night. Its capacity is 20 beds, it operates from 20:00 to 08:00 and along with the night-stay, it offers showers to its users.

**Shelter care is conditional upon a series of requirements**, including a referral from the CSW and the possession of identity documents. The homeless are often seriously confronted with



the challenge regarding the possession of identity documents, which they cannot obtain due to an absence of a legal address. This problem was attempted to be solved by encouraging CSWs to enable the homeless to register at their address. However, this attempt was faced with controversies, including the reluctance of certain CSWs and Police Administrations to implement this regulation.

**In Serbia, the issue of homelessness itself is still neither defined nor explored.** As a starting point in approaching this issue, the 2011 Census included for the first-time data on the homeless living in Serbia. While the Census of 2011 enumerated 445 primary and 17,842 secondary cases of homelessness, in reality these numbers are significantly higher. The Statistical Office which recorded the data reported that these numbers were not reliable, due to the way in which they were collected, and due to the fact that many of the homeless were out of reach. The Census of 2022 was conducted in October 2022, and it is expected that data on the numbers of the homeless will be obtained so that they can be used for policy development. However, there are concerns that this data will not be useful to the fullest, due to inconsistencies with the relevant European standards.

**Discussions on the access of vulnerable groups to housing are not in the agenda of policymakers.** This is the case both for the homeless and those living in sub-standard settlements. Rather than focusing on these groups, the Government has prioritized certain affluent categories of the population, such as members of the Ministry of the Interior, the Ministry of the Defense, the Serbian Army, and the Security-Intelligence Service, as well as those involved in the Administration for the Criminal Sanctions. Investments into housing solutions for these categories were significantly higher than the investments into social housing (AI1 inicijativa za ekonomska i socijalna prava, 2021).

**Evictions will become an increasingly considerable problem in Serbia,** with the rolling out of the Law on Free Legal Aid, which is not in operation to the fullest. Inhabitants of the sub-standard Roma settlements, as presented in following section, have been increasingly exposed to evictions. Since they do not have any viable alternative housing solution, they are faced with homelessness, which further adds to their already prominent social exclusion.

Collecting and updating data about the homeless is the key to the development of policies which may tend to this population segment. Services for the homeless in Serbia are underdeveloped. Local communities are not efficient in the design and provision of services and an economy-wide strategy to guide their activities should be put in place. The economy's housing strategy, which is supposed to be based on a human rights approach is not adopted, even though four years passed after the deadline for its adoption. Moreover, funds should be made available for the purpose of developing adequate solutions for housing for the vulnerable segments of society. Social housing seems like a viable solution to provide housing for the homeless, but it should be developed further. Professional work in the provision of social care for the homeless should also be supported and the need to minimize the administrative burden both for the users and professionals should be addressed.

## 20. Access to essential services

**The Constitution does not contain explicit Governmental obligations in the provision of essential services.** However, they are regulated by the Law on Public Administration and a series of sector laws relating to the provision of drinking water and treatment of wastewater, sanitation and the treatment of sanitation waste, energy, transport maintenance, and financial services and digital communications.

**Serbia has problems in providing safe water to its population.** According to the IPH, in 2021

16.5% of public water supply systems, i.e. 15,407 of these supply systems did not have a 'satisfying' quality of drinking water, from the point of view of the physical and chemical composition of water, and 5.3% of these facilities did not supply micro-biologically safe water (Institut za javno zdravlje, 2022). The number of households connected to the water supply system has been increasing since 2010, when it accounted for 1,926,097 households, to 2,152,626 households connected to the water supply system in 2020. In the same period, the size of the water supply network increased by around 30%, from 33,466 km to 48,337 km (Statistical Office of Serbia, 2022g). Plants for the treatment of wastewater are practically non-existent (Beogradski centar za ljudska prava, 2022a).

**Serbia has significant problems in providing sanitation to its population.** The number of households connected to the sanitation system has been also increasing, from 1,279,968 in 2010 to 1,577,542 to 2020. Nevertheless, this number is significantly lower than the number of households connected to the water supply system. The

length of the sanitation supply network increased from 14,260 km to 17,757 km and it is around 37% shorter than the water supply network (Statistical Office of Serbia, 2022g).

**Serbia's population is prone to energy poverty.** According to data from the Statistical Office of Serbia, in 2021 household expenditures for housing, water, electricity, gas and other fuels stood at 16.4%, of total expenditures, while 9.1% was dedicated to expenses associated with transportation. Differences between households in rural and in other areas were negligible. The structure of individual consumption of households in 2021 has not significantly changed compared to 2019 (Statistical Office of Serbia, 2022a). Based on this, Petovar (2022) concludes that around one fifth of household expenditures are directed towards different kinds of energy and points to the prospectively high share of costs for household heating and cooling, which means that the whole population is at risk of energy poverty. The reasons for this circumstance are the low energy performance of housing buildings, high costs for en-



ergy in comparison with the incomes in general, insufficient information about energy saving, low quality and energetically non-efficient energy devices, low quality heating materials, etc. (Petovar, 2022).

**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 a railroad density (km of roads/square km) of 43.1. However, when it comes to the efficiency of train services, Serbia ranks far lower, at place 87. In the airport connectivity index, which measures the degree of integration of an economy within the global air transport network, Serbia ranked at place 76 in 2018 (European Centre for Social Welfare Policy and Research, 2022). In 2022, the high-speed train 'Soko' started its operations, running between Belgrade and Novi Sad.

**Access to financial services is far from universal, especially for the least educated and younger citizens.**

The percentage of citizens with bank accounts (62%) comes close to the regional average, but lags behind developed economies where it nearly covers the entirety of populations (European Centre for Social Welfare Policy and Research, 2022).

**Usage of mobile phones and information technology is wide and increasing.**

In 2020, 94.1% of households owned mobile phones and more than three quarters of households (74.3%) used computers. The highest and the lowest proportions of households were reported in Belgrade (91.5%) and Vojvodina (66.8%), respectively. Usage of computers in urban households (81.6%) outnumbered the households from other areas (62.8%). On the individual level, 72.4% of individuals used computers, while one fifth of individuals has never used computers. The usage of computers by the students was almost 100%, while it was the lowest among the elderly, with only half

of them using computers. A gender difference in computer usage existed in the population aged 55 to 74 years, the segment which uses computers the least, and where usage by men outnumbered that of women by 10.7 percentage points (Government of Serbia, 2021f).

**Usage of the Internet is limited but increasing.**

In 2020, 81% of households had Internet access. The percentage of households with an access to the Internet varied according to the territory in which they were located: in Belgrade, access to internet amounted to 94.1% of the population, in Vojvodina, 75.3%, in Šumadija and Western Serbia, 77.5% and in Southern and Eastern Serbia, 77.3%. A share of 17.4% of the population has never used the Internet (Government of Serbia, 2021f).

**Digital skills are moderately developed.**

In 2020, the share of people with computer literacy reached the level of 34.2% of the population, and the Government aims to increase this share to 46% by 2026. E-Government, referring to public administration services that can be accessed online, were used by 37% of the population (Government of Serbia, 2021f). This information is potentially highly important in light of the Government's efforts to enable access to electronic services in multiple domains, including in healthcare, since not all citizens can approach it.

**Access to essential services is the most severely jeopardized in the Roma settlements, the so-called sub-standard settlements.**

In 2020, there were 702 sub-standard Roma settlements in 94 local communities in Serbia, with a population of 167,975 individuals. Concerning their access to water, in around 55% of local communities, there was either irregular or no access to clean water for 159 Roma settlements, which amounted to 32,843 Roma. Regarding their access to sanitation, in around 88% of local communities there was either irregular or no access to sanitation for 457 Roma settlements, which were home to 93,050 Roma. In terms of their access to electricity, in around 37% of local communities

there was either irregular or no access to electricity for 64 Roma settlements, which accounted for 24,104 Roma. Finally, Roma living in 44 substandard settlements did not have access to water, sanitation or electricity, representing 14.01% of local communities (SIPRU, 2020).

## IV. Conclusions

**In most of the reviewed policies and principles that are part of the European Pillar of Social Rights, Serbia performs poorly relative to European Union standards.** Serbia's shares of public revenues and public expenditure in GDP are quite close to the EU average, and consequently its performance regarding social inclusion, social protection, income equality and poverty alleviation could be improved by re-orientating of policy priorities and reshuffling the existing tax-benefit system.

**In the field of equal opportunities and access to the labour market, Serbia mostly performs below the EU average.** Serbia has been progressing in education, gender equality, anti-discrimination, and active support to employment, mostly from the point of view of legislation, which is broadly in compliance with the EU acquis. However, even as the economy adopted regulations prohibiting discrimination, especially against the LGBTI+ population, the operationalisation of some of the legal principles, such as those on gender equality, remains unresolved. In January 2022, The Strategy of the Prevention and Protection from Discrimination in the period of 2022 to 2030 was enacted, along with the Action Plan. The Strategy envisages the improvement of the systems of prevention and protection from discrimination, among other measures. The implementation of the Law on Social Entrepreneurship started in November 2022, with expected positive effects in terms of active support to the employment of vulnerable groups. In general, the implementation of the legislation and strategies is the most pressing challenge in this domain.

Training and life-long learning infrastructures are underdeveloped, while the education infrastructure is well developed. Education is generally inclusive, although some groups are still left behind, es-

pecially children and youth with Roma background and those with disabilities. Gender disparities are present, especially for vulnerable populations. The quality of education was supposed to be provided by the processes of its continuous monitoring and accrediting, but the situation on the labour market shows that the educational system is still not responsive to its needs and modernized to an adequate level. The gender gap in the labour market is reflected in an above-average gender employment gap, while the gender pay gap is lower than average. In practice, the domain of equal opportunities is challenged daily on the grounds of gender, age, disability status, sexual orientation, ethnic affiliation, etc. However, the public awareness campaigns and the establishment of activities led by independent protection bodies have brought about some improvements in this field. Violence against discriminated groups, especially against women and girls, is the most prominent problem in Serbia, the resolution of which requires consistent and continuous efforts of all relevant stakeholders in society. Active support to employment is limited due to constantly insufficient funds allocated to these activities. There are numerous groups which are vulnerable in terms of access to the labour market, including youth and women in general, but also people with disabilities, the Roma population, victims of domestic violence, and able-bodied beneficiaries of financial social assistance. The intersection of vulnerabilities further adds to the aggravation of their labour market situation.

**In the field of fair working conditions, Serbia performs below the EU average.** Even from the point of view of legislation, Serbia still has a long way to go in terms of addressing its shortcomings in enabling secure and adaptable employment, minimum wages, employment conditions and protection from dismissal, social dialogue, work-life balance and occupational and health



safety and data protection. The most important Law in the field, the Labour Law, which was enacted in 2005, is largely not compliant with the EU acquis. Even though it has been frequently amended, it only further exacerbated the gap between security and flexibility, while not reducing the discrepancy in rights between the open-ended employment contracts and other forms of employment contracts and work. The most pressing challenge in practice is addressing the widely present prolongation of fixed-term contracts for an indefinite period and the extremely aggravated transition of informal workers into contractual employment. In 2022, the employment of foreign labourers started to become a challenge. Newly enacted laws, such as the Law on Simplified Arrangements for Seasonal Work in Certain Areas and the Law on Temporary Work, solidified the situation, and even brought some additional tensions, regarding the social insurance of prospective employees and their occupational and health safety. Work-life balance is especially hard to be achieved by women in employment due to their traditionally assigned care obligations. Care obligations are the most prominent reasons for women opting not to enter employment or to work on open-ended employment contracts or even informally.

Ineffective infrastructure and consequent implementation challenges seem to be the most pressing issue in the field. The ESC and unions are ineffective and operate without the Government's devotion to support their activities resulting in minimised social dialogue. The effective operations of the LI and OSHD have been jeopardized due to constant understaffing and high workload, in combination with the increasing requirements, in terms of activities they have to monitor. The Government's limited capacity to tackle the challenges from the field of fair working conditions is a result of its efforts to balance between the requirements of big employers (especially of foreign enterprises which are investing in Serbia) and the provision of employment for as much of the population as possible. Even though reforms have been favouring employers rather than employees, the exoge-

nous improvement in labour market situation and increasing emigration of the labour force suggests that the balance of power is gradually shifting toward workers.

**In the field of social protection and inclusion, Serbia performs below the EU average.**

This is especially to the case for the domains of childcare and support to children, minimum income, and access to essential services. Support to children and families with children underperforms in lifting more than one fourth of all children in the economy above the risk of poverty. The minimum income programme, FAS, is equipped with good targeting mechanisms, but the benefit amounts are too low, and coverage is inadequate to allow for a more pronounced impact on poverty reduction. In 2021, the percentage of beneficiaries of the minimum income programme has been on decline to account for as little as 2.8% of the population, whereas at-risk-of-poverty rate stood at 21.2%. Poor people in rural areas and the elderly are often denied FAS due to rigid asset testing rules and obligations assigned to family members to provide care to each other. Able-bodied beneficiaries of the financial social assistance are also vulnerable, due to the lacking activation approach. The October 2022 ruling of the Constitutional Court on the by-law which envisaged their activation, which was not in compliance with the Constitution, brings an important task to stakeholders to finally co-produce the activation strategy that will be empowering for the beneficiaries and incorporate their perspectives to the maximum. Access to essential services is especially problematic for the Roma population, who is to a large extent deprived of water, sanitation, and energy, by living in the sub-standard settlements.

Access to social protection for workers outside of employment contracts is limited. The sustainability of the public insurance system is improving, but it is still at risk. Moreover, the fiscal sustainability of the system is achieved at the cost of decreased adequacy of benefits and decreased quality of services. PWD have been in the focus of public policy,

but their situation has been rather stable and without significant improvements due to implementation challenges. Civil society organisations are the most important stakeholder in this domain, as they have been continuously advocating for the rights of the people with disabilities. The Strategy for Deinstitutionalisation and Development of Community-Based Services 2022–2026 of January 2022 is also expected to enable further steps in supporting their life in communities. Finally, the issue of homelessness seems to not be present in the public policy sphere since many strategies and reforms have bypassed their particular situation. In this respect, an approach which would be mainstreamed into other policies is the least to be done, with a view to respecting the human rights of this population segment.

**In sum, while the social protection system is supporting inclusion, reducing poverty, and enhancing equality in some areas, it is less effective in doing so in other areas. This appears to be one of the most pressing problems the challenging field of social rights in Serbia is currently facing. Work is in progress on reforming several social protection policies and documents. Their obvious delays in reaching the deadlines set by the Government are concerning.** Closely connected to this 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.

**The development in the domains elaborated here should be more consistent with the principles enshrined in the European Pillar of Social Rights, considering Serbia's devotion to the European values as guaranteed in its Constitution.** Despite significant improvements in the processes of data production and dissemination, many relevant data are missing and consequently disable the proper monitoring of the social situation of the economy and its performance in comparison either with its past achieve-

ments or the other economies. Sometimes, data produced from different sources differ to a large extent, due to different methodological approaches. This has clear implications for the quality of the data produced and subsequently for political decisions. Therefore, the processes of capacity building in the field of data production should be continued.

The harmonisation with the EU acquis is of utmost importance in all the domains, but attention should also be paid to the provision of an adequate institutional infrastructure and implementation mechanisms in general. Violence in the society seems to be the area of utmost importance, from the point of view of developing adequate mechanisms for the implementation of regulations. The precarious position of labourers will be an increasingly expressive challenge in the society and careful steps should be made to make the economy and its labour market sustainable, developing and growing. The most pressing reforms seem to be in critical areas such as childcare and minimum income. Adequate legal, institutional, and financial resources are yet to be provided by the government since the main challenges, which involve low benefits level and their narrow coverage, seem to be increasingly prominent and unresolved by highlighting the control functions of the system. Child allowances should be designed as a universal right in society, which would enable all children to benefit. A special emphasis should be placed on children from disadvantaged backgrounds, both from the point of view of allowances and ECEC. Minimum income should be broadened so to include more citizens and the benefit amount should be significantly increased, along with the provision of supportive services offered to the beneficiaries. Able-bodied beneficiaries should be offered an activation method based on human rights approach. The elderly without pensions should be entitled to minimum income in the form of a social pension. Alternatively, the introduction of universal pensions for the elderly that would be funded by the Government's tax income without any employment conditionality would be an option. High out-

of-pocket payments for health care call for a reform of the healthcare system which should focus on the relations between the public and private health care sectors. The system of unemployment benefits should be substantially amended with diversified and more generously funded active labour market measures. Elements of long-term care should be seamlessly put together to remedy the situation both of those in need for the LTC and their carers. The design of care leave of the elder family members for those in employment is rather traditional. It does not consider the challenges families face, which typically demand a longer time to be addressed than the duration of leaves.

**In 2022, the impact of the COVID-19 pandemic was not prominent in most of the reviewed policies and principles that are part of the European Pillar of Social Rights.** Institutional infrastructures in the labour market, social protection, and social care, etc. have been recovering from the prolonged impact of COVID-19. Developmental policies and measures have been re-emerging, due to the acknowledgment of the strong need to guarantee and implement social rights to the population, with an emphasis on the most vulnerable in society.



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## Annex - Fiche on Social Entrepreneurship

### Social entrepreneurship

The first efforts to regulate social entrepreneurship through the establishment of a separate law overseeing the field in Serbia dates back to 2013, when the Law on Social Entrepreneurship and Employment in Social Enterprises was drafted. The Law proclaimed the principles of social entrepreneurship and regulated the work of social enterprises, including the incentives for their work, funding, etc. To justify the enactment of the Law, the policymakers responsible for its conception referred to the high rates of poverty and unemployment in society, including the need to secure employment for numerous vulnerable groups, and concluded that social entrepreneurship was one of the most viable options to address these issues, drawing inspiration from the positive experiences from the EU. It was estimated that the implementation of the Law would not result in any additional costs for the Government, bearing in mind that the activities provided for by the Law have already been funded in compliance with other existing laws. Namely, social entrepreneurship was already regulated in the laws from the sectors of social care, employment and unemployment insurance, civil associations, etc. However, legislation specifically targeting social enterprises in the economy was fragmented and did not cover all prospective users that could benefit from these endeavours.

Nevertheless, the Law on Social Entrepreneurship and Employment in Social Enterprises was not adopted. Its main shortcomings referred to the narrow scope presented by it for the inclusion of vulnerable groups in social enterprises. However, in addition to the already existing sector laws, prior to the drafting of the Law on Social Entrepreneurship and Employment in Social Enterprises, additional pieces of legislation were enacted after 2013 to cover the domain of social entrepreneurship within their scope. In sum, the Laws governing the work of cooperatives, associations, foundations and companies, the law governing the employment of PWD, as well as the law governing volunteering, regulated the domain of social entrepreneurship from their respective competences. The Law on Professional Rehabilitation and Employment of Persons with Disabilities of 2009 was the first to introduce the possibility for the establishment of a social enterprise with goal of providing employment to PWD.

In 2008, a report entitled 'Mapping Social Enterprises in Serbia' authored by the think-tank SeCONs, enlisted the types of organisations with the characteristics of social enterprises, which include: associations of citizens, cooperatives, companies for the employment of PWD, dependent spin-off companies, business incubators, and agencies for the development of small and medium enterprises (Babović, Vuković, Cvejić, 2008). As per the Report, the number of these initiatives in the economy in 2007 stood at 1,160. Based on another report, by Vukmirović et al. (2014) titled 'Economic Impact of Social Enterprises in Serbia', in 2012, the number of social enterprises in Serbia stood at 1,196. In the period surveyed, the majority of existing social enterprises were cooperatives, which amounted to more than 60% of the total number of these initiatives in the economy, followed by citizens' associations and companies employing PWD. In the same year, social enterprises realised a gross added value equal to 0.2% of GDP and employed 0.6% of the total number of employed workers in Serbia (Vukmirović et al., 2014). Based on this information, the contribution of social entrepreneurship to society and prospective users was considered minor, with widely underused potential and possibilities for its development.

In the last twenty years, there were several initiatives which were supportive to the holistic regulation of the social economy and social entrepreneurship in, mainly stemming from civil sector organisations. The MoLEVSA acknowledged these efforts and planned to kick off the drafting of the law in 2019 and 2020, according to the Action Plan for Chapter 19. The Law on Solidary Entrepreneurship was co-drafted in a delayed process, which primarily included governmental representatives from different sectors of importance for this domain, but also civil sector activists and experts. A public debate was scheduled for the end of November and mid-December 2021. Three round tables were organized in Niš, Novi Sad and Belgrade, the biggest cities in Serbia. Participants in the public debates were representatives from both the governmental and non-governmental sectors, in addition to representatives from grassroots organisations acting in the field.

As a result of the debates, the name of the Law was changed, resulting in the proposed title of the Law on Social Entrepreneurship, an alteration conducted primarily with the intention of rendering the legislation recognisable and harmonized with the EU standards and terminology. The need to raise awareness in communities to increase the support to those engaged in social entrepreneurship was highlighted, along with the need to prioritise deprived areas in Serbia when deciding on the allocation of budgets and funds. Sanctions were also discussed with regard to their prospective effects and, consequently, were amended in such way that the range between the minimal and maximum sanctions was narrowed.

The Law was adopted on 04 February 2022 and came into force on 15 February of the same year. After incorporating the suggestions made during the discussions prior to its adoption, the Law governs the domain of social entrepreneurship in a holistic way, having as its focus the social economy, socially vulnerable groups, working integration, and social innovation (article 3). Social entrepreneurship is defined as the performance of activities of general interest, whose goal is to create new and innovative opportunities aimed at solving social problems, problems of individuals or socially vulnerable groups, preventing and eliminating the consequences of social exclusion, enhancing social cohesion, and solving other problems in local communities and society as a whole (article 3). The objective of the Law is to create a supportive environment for social entrepreneurship, raise awareness on the importance of social economy and social entrepreneurship and meet societal needs (article 2). To govern the concept in the practice, the main principles of social entrepreneurship were defined as being guided by principles of transparency, responsibility, sustainable development and growth, and partnerships among the public, private and civil sectors (article 3). Prospective users are defined to be members of socially vulnerable groups, including persons in the social care system, hard to employ persons and members of other socially vulnerable groups (article 6). This broad definition prevents the omission of some of these groups.

Furthermore, the Law established that at least 50% of the profit made by social enterprises must be invested in the social enterprise's own internal programme for the support to vulnerable groups or into a work programme for able-bodied members of vulnerable groups. Alternatively, this share of profits must be donated to other social enterprises aiming to solve problems in communities (article 11). Social entrepreneurs are obliged to report to the competent Registry on their activities every second year, informing the progress made in the realisation of their guiding purpose, among the provision of other information (article 13). Compared to other employers, the management of social enterprises has some specificities. They are entitled to tax reliefs, decreased social insurance contributions, and other benefits (article 17). Moreover, the Law governs the establishment of the Council for Social Entrepreneurship, 60 days after its enactment, to be composed of representatives from the public and private sector, along with experts who will be responsible for the monitoring of the implementation of the Law (article 20). Finally, it regulates



the provision of a five-year Programme for the Development of Social Entrepreneurship, whose goal is to provide active support to all involved stakeholders in the sector, while simultaneously highlighting the gender perspective (article 19).

The Law entered into force on 15 November 2022. According to the first informal evaluations conducted, it is harmonized with the EU regulations and especially with the European Action Plan for the Social Economy. However, during the first month of its implementation, there were no registered social enterprises in the Agency for Economic Registries of Serbia. Surely, the time period in which the evaluations took place was critically short. However, one of the reasons for the lack of registrations could be attributed to the lack of specific financial incentives that would attract social enterprises to register as such. As these incentives are currently non-existent, there is a need to present more diversified incentives for the social enterprises, in order to motivate their registration.

The Coalition for the Development of Social Entrepreneurship keeps a database on social enterprises in the economy at its website, which is continuously updated. In this database, a total of 38 of social enterprises are reported, being categorised into 11 clusters: diversity and inclusion; peace, justice and strong institutions; education; sustainable consumption and production; agriculture; community development and mobilisation; social housing; art and culture; employment; health and welfare; and environment. Many social enterprises are classified into more than one cluster, since their activities span through a number of them. The most populated cluster is diversity and inclusion, where 31 social enterprises are active, followed by the clusters of employment, counting with 24 initiatives, and community development and mobilisation, encompassing 17 enterprises. Seven social enterprises are active in the clusters of education, agriculture, and environment, whereas six are active in the clusters of sustainable consumption and production, and health and wellbeing. The clusters of peace, justice and strong institutions, and art and culture are within the interest of four and one social enterprises, respectively. Finally, none of them are recorded within the cluster of social housing.

According to the estimation of a grassroots organisation, Trag fondacija, there are currently around 500 social enterprises in Serbia, which operate based on the previously adopted regulations connected with social entrepreneurship.

The absence of financial incentives and reliefs could be of critical importance for the registration and functioning of social enterprises. These incentives could be potentially present in the Programme for the Development of Social Entrepreneurship in the period of 2022-2027, which was expected to be launched in February 2023. The Programme is expected to have three components: incentives for the creation of normative-institutional framework, incentives for the support to social entrepreneurship by means of donations and public funds, as well as through the promotion of the concept of social entrepreneurship, in terms of disseminating data about the concept to entrepreneurs, public administration professionals, local communities, and citizens.

The drafting of the Programme is under the auspice of the Council for Social Entrepreneurship, which was established in May 2022 based on a decision of the Government of Serbia of 19 May 2022.

Research investigating the stakeholders who are supportive to social entrepreneurship in society indicated the existence of three distinguished groups. First, there are stakeholders granting financial resources in the forms of donations (such as Trag fondacija) and loans (ERSTE banka). The knowledge and skills of

supported stakeholders are being developed by numerous enterprises in the fields of management and communication skills (ERSTE, Smart kolektiv, Trag fondacija), mapping the needs of communities (Trag fondacija), etc. Postignuća mladih Srbija (Junior Achievements Serbia) are active in organizing youth companies aiming to equip pupils with the knowledge and skills needed for entrepreneurship. Second, certain faculties included the topics of social entrepreneurship and social economy into their curricula. Third, some media channels are supportive of social entrepreneurship, mainly the non-traditional ones. The main challenges to the development of the sector include inadequate and insufficient financial instruments for the support to social entrepreneurs, a low level of knowledge on the topic, absence of quality connections among stakeholders, etc. (Srećković, Milovanović, 2022).

Along with the abovementioned stakeholders from the civil sector, which seems to be highly engaged in the development and support to the social entrepreneurship in a continuum, their networks also play an important role, such as the Coalition for the Development of Social Entrepreneurship, the Network of Social Economy of Serbia, and the Forum of Social Entrepreneurs. One of their activities was the signing of the Belgrade Declaration on the Development of Social Entrepreneurship in March 2014, which gathered non-governmental organisations and their networks from the economies of the Western Balkans and Turkey in order to enhance the visibility of this sector. Currently, these networks gather local non-governmental organisations and social entrepreneurs and offer platforms for the joint efforts of problem solving, cooperation, lobbying and promoting the concept in the public.

Social enterprises in Serbia are mainly engaged in the provision of innovative social services and inclusion of vulnerable populations into labour relations. These include mainly, but not exclusively PWD. Frequently, parents of children with impairments and disabilities, the homeless, including children living on the streets, victims of domestic violence, etc., are included in social entrepreneurship. Recently, persons with migrant background, primarily asylum seekers, originating from the region of Middle East and North Africa started to be included in social enterprises.

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# Employment and Social Affairs Platform 2

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