Serbia

The country fact sheet was prepared by Yuliia Ushchapovska in the framework of an institutional collaboration between the European Centre of Social Welfare Policy and Research and the Central European University in February 2024. The content of the sheet does neither necessarily reflect the views of those institutions nor those of the respective Ministry/ies.

Policy Framework	Economic Reform Program for the Period 2022-2024 by the Government of Serbia (Ministry of Finance, 2022).
	National Programme for the Adoption of the Acquis (NPAA) 2022-2025 (Candidate Status in the European Union since 2012) (Ministry of European Integration, 2022).
	Social policy regulations include: Law on Social Welfare, Law on Employment and Unemployment Insurance, Law on Financial Support for Families with Children, Anti-Discrimination Law, Law on Gender Equality, Law on Prevention of Discrimination against Persons with Disabilities, Law on Pension and Disability Insurance, Law on Professional Rehabilitation and Employment of Persons with Disabilities, Law on Foundations of the Education System, Law on Health Protection (Government of the Republic of Serbia, n.d.).
General situation across all policy areas	
Main challenges across all policy areas	Addressing the social consequences of high inflation (12.5 % as of July 2023), especially the rapid increase of food and energy prices. Reducing the incidence of poverty and social exclusion (World Bank, 2023).
	Reform of the public administration system to improve its efficacy and efficiency – reduce the fragmentation of the country's social benefit system (Ministry of Public Administration and Local Self-Government, n.d.).
	Strengthening governance (Serbia scored 36 of 100 on Transparency International's 2022 Corruption Perception Index.) (Transparency International, 2022).
	Fostering the involvement of social partners in policy developments relevant to them (World Bank, 2022).
Main approaches to address challenges across all policy areas	Enhancing the purchasing power of low-income households by increasing the minimum wage (as of January 2024, the minimum wage was increased by RSG 271 per working hour. This is a 17.8 percent increase to RSD 47, 154 or an average of about EUR 400 per month), providing energy subsidies, and implementing price controls on essential goods (price cap on basic foods and temporary partial restrictions on exports of selected food commodities) to alleviate the burden of rising living costs (Government of the Republic of Serbia, 2023) (IMF, 2022).
	A strategic framework for public administration reform – PAR Strategy 2021-2030, Action Plan PAR 2021-2025 – is in place (Ministry of Public Administration and Local Self-Government, n.d.).

	The Ministry of Public Administration and Local Self-Government coordinates this reform.
	Law on prevention of corruption strengthened the framework to prevent and combat the conflict of interest of members of parliament, judges and prosecutors (National Legislative Bodies / National Authorities, 2020).
Social policy specific situation	
Significant social trends	According to the World Bank, in 2021, over 18 percent of the Serbian population lived below the national poverty line. Children and the elderly are disproportionately represented among the poor, with children facing a higher overall poverty rate and the elderly forming an increasingly large share of the poor population. Approximately half of individuals in the lowest income quintile are not receiving any government assistance. This represents around 10 percent of the working-age population (World Bank, 2022).
	The disparity in service delivery among Local Self-Governments is stark, with a significant number unable to meet the expanding needs of their constituents.
	Serbia's aging population has strained the country's pension system, which is now heavily reliant on government subsidies. Although recent reforms have aimed to address this issue, the system's long-term sustainability remains uncertain (World Bank, 2022).
Key challenges specific to social policy	Social assistance. Public spending on social assistance has fallen and its composition has shifted further away from poverty-targeted programs. More than half of the population in the poorest income quintile do not receive any benefits, and half of the children under age 18 who live in extremely poor households are not covered by social assistance benefits at the household level. Social assistance coverage of the poor is low and is significantly lower compared to EU countries. (EU countries spend 12 percent of social protection expenditures on poverty-targeted programs where it is 5 percent in Serbia) (World Bank, 2022).
	Social services. The demand for social services is growing, but many needs are not being met. Public care for the elderly is insufficient, and private providers encounter challenges in gaining licenses. The shortage of qualified staff and limited skills further hinder effective service delivery.
	Pension system. In 2020, pensions consumed a significant portion of the Serbian economy, accounting for 10.3 percent of GDP. Despite a temporary reform in 2014-2018, which reduced the value of pensions above a certain level, affecting almost 40 percent of pensioners, that averted a pension crisis, the long-term sustainability of the pensions system remains a concern (World Bank, 2022).
Main approaches to address social policy challenges	Social assistance. The Serbian government offers a wide-ranging social assistance program, tailored to diverse groups and administered and funded by various institutions. The program's beneficiaries encompass low-income households, households facing

<table>
<tr><td></td><td>limited access to affordable energy, individuals with disabilities, war veterans, working mothers, and families with children (World Bank, 2022).

Social services. The Social Welfare Law of 2011 has ushered in a shift from a haphazard approach to service development and ad hoc financing towards a more structured and sustainable social service system centred on the family unit. The law also aims to promote a diverse range of service providers and has introduced a quality system that establishes baseline standards for social services (AIDA/ECRE, 2023).

Pension system. A fiscal consolidation program implemented in 2014 led to a reduction in the value of pensions for nearly 40 percent of pensioners. From 2015 to 2018, average pensions experienced minimal adjustments, causing the average replacement rate (calculated as the average pension divided by the average pre-retirement income observed in the system) for old-age pensions to decline from 61 percent in 2012 to 50 percent in 2020 (World Bank, 2022).</td></tr>
<tr><td>Target groups</td><td>Social welfare system beneficiaries: poor and vulnerable, families with children, persons with disabilities, war veterans and older persons.</td></tr>
<tr><td>**Practice example**</td><td></td></tr>
<tr><td>Name of the good practice</td><td>Improved social protection policies and bigger inclusion of vulnerable groups (NIRAS, 2020).</td></tr>
<tr><td>Policy areas</td><td>Please tick the relevant policy areas addressed by the good practice (one or more options are possible).

X Social inclusion
X Well-being</td></tr>
<tr><td>Description of the practice</td><td>In 2017, the European Union launched a comprehensive project aimed at fostering smart, sustainable, and inclusive growth in Serbia. The project, which concluded recently, aimed to build a more knowledgeable and skilled workforce, enhance social protection policies, and promote the social inclusion of vulnerable groups – persons with disabilities, the elderly, persons with mental health problems, children and youth, the Roma community. It encompassed 30 micro-projects focused on strengthening community-based social services, reducing early school dropout rates, and supporting social enterprises.</td></tr>
<tr><td>Governance & funding</td><td>The European Union (EU) has provided over EUR 5 million in community support to Serbia to help develop social welfare regulatory mechanisms. This funding has been complemented by a contribution from grant beneficiaries, bringing the total project value to over EUR 6 million.</td></tr>
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Innovation	Providing technical guidance and support to develop and test innovative tools and approaches to enhance the quality of social welfare services.
Outcome(s) and impact	Implementing community-based social protection initiatives to deliver tangible benefits to the most vulnerable and disadvantaged groups in Serbia. One such project in *the municipality of Zvezdara,* with a significant Roma population, focuses on supporting primary school children who have dropped out of school, are at risk of dropping out, or are not enrolled at the appropriate age.
	Another grantee, *the social enterprise Bagel Bejgl,* leveraged its funding to expand its operations and offer vocational training to women who have experienced trafficking and gender-based violence, as well as asylum seekers. This training aimed to enhance their employability and prepare them for successful reintegration into the workforce.
	The Centre for Dementia in Kragujevac also received support, enabling it to establish a dementia counselling service for informal caregivers, a SOS telephone line, and a dedicated website. The project renovated and furnished short-term accommodations for individuals living with dementia.
Main partner(s)/ stakeholders	Implementors: NIRAS, in consortium with Proman and KPMG, Ministry of Labour, Employment, Veteran and Social Affairs (MoLEVSA).
	Target audience: persons with disabilities, the elderly, persons with mental health problems, women, children and youth, and other vulnerable groups, such as the Roma community (NIRAS, 2020).

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