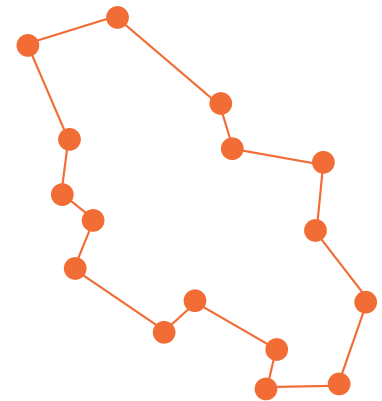





COUNTRY MONITOR



SERBIA

Social Rights Monitor 2019



Serbia faces substantial inequality and poverty rates with significant regional differences especially when compared to EU countries. The high income distribution inequality in Serbia is to be attributed to a low distributive power of taxes, social transfers and a difficult labour market situation¹. Furthermore, Serbia is confronted with severe labour market challenges particularly for young and vulnerable people. Brain drain of qualified Serbs and youth unemployment therefore persists as some of the most severe challenges to Serbia's social and economic stability. The European Commission Serbia 2019 Report finds that although budget allocations slightly increased for active labour market measures, there remains very little coverage for training measures for the unemployed². Moreover, it is highlighted that the improvement of the adequacy of social benefits for people living below the poverty threshold is imperative. Similarly, our National Strategy Group finds that the issue of informal, undeclared work very pertinent in Serbia poses major threats to labour rights and economic challenges.

Threatened civic space and dialogue as well as inadequate conditions for civil society are some of the most acute restrictions for an open and democratic development of the country. Freedom of press, journalists and activists are routinely attacked and harassed. Amongst other issues, such as the question of Kosovo, Serbia's lacking commitment to principles of rule of law, freedom of press and expression must be a major concern for the European Union regarding the accession negotiations that commenced in 2014³.



Gini Index: 37.8

Unemployment: 12.8%

Gender equality index: 55.8 (2015)

Youth unemployment: 29.7%

AROPE: 36.7%

Social welfare spending (as % of GDP): 20.3%

Tax on labour as share of total taxes: N/A

In work poverty: 10.8%

CIVICUS civic space monitor: Narrowed

Equal opportunities and fair working conditions

With a Gini coefficient of 37.8 and at risk-of-poverty rate of 36.7%, Serbia has one of the most unequal and impoverished population of Europe. As the EU-Serbia Civil Society Joint Consultative Committee of the EESC finds this stark inequality and level of poverty is by a large part caused by highly regressive tax and benefit systems⁴. Our National Strategy Group is concerned that most changes in labour laws are in favour of employers or foreign investors rather than workers and employees. Having one of the lowest corporate income tax rates in Europe at only 15%, and increased VAT from 18% to 20% (in 2012)⁵, the Serbian authorities are relying on fiscal consolidation measures, including reforms of state-owned enterprises and private sector led job creation. The Economic Reform Programme of Serbia (2018-2020) finds that there is insufficient funding for active labour market policy measures made available by the Serbian government. Particularly youth and women must be more targeted and supported⁶. We strongly highlight that Serbian authorities must work towards a restructuring of its tax system, one that is based on progressivity and direct taxation. This is necessary to provide the financial basis for an improved and sufficient social protection system.

Furthermore, our National Strategy Group puts forward that while numerous laws are dealing with inequality issues, most of them are out of date, lack coherence in policy development and overlap with other policy frameworks. They highlight that policies dealing with labour rights hardly mention precarious and informal employment but have a lot of provisions that reduce the rights of workers to decent work. As the Serbian economy is very prone to informality, this poses increased risk to the infringement of labour rights. The informal employment sector was estimated at around 20% in Serbia in 2017 largely due to the situation in the agricultural sector⁷. Apart from macroeconomic considerations, informal work makes the evasion of regulations, increased risk of safety and security standards, unregulated working times and underpayment a serious labour rights concern and adds to the problem of precarious working conditions.

Good practice

Agreement of Social Partners on better work for young people

The *Agreement of Social Partners on Better Conditions for Employment and Decent Work for Young People* came out as a peak of the efforts by project partners to improve the employability of young people in Serbia. Signatory parties were two representative trade unions in Serbia, the Serbian Employers Association, supported by SOLIDAR members IDC in Serbia and FIC from Denmark. The agreement was achieved as a result of the work of the project partners who highlighted the need to strengthen the role of social and civic partners in order to jointly contribute to better opportunities for employment of young people in Serbia. The key points of this agreement are to improve social inclusion by involving social and civic actors in all stages of the creation and the implementation of policies regarding youth employment at the national and local level.



The social and civic partners agreed to actively participate in the creation of active employment policy measures, promotion of legal work while giving full contribution to the further development of social dialogue.

Youth and brain drain

Serbia experiences massive brain drain, a phenomenon that describes the emigration of highly educated people abroad. A study conducted by the Friedrich Ebert Foundation found that three quarters of young people living in Serbia want or intend to emigrate⁸. A higher quality of life abroad and a better standard of living are some of the biggest pushing factors for young Serbs to leave the country. With 29.7% in 2018, young people in Serbia suffer from one of the highest youth unemployment rates in Europe⁹. Being faced with this difficult economic situation, diminished access to the labour market and socio-economic vulnerability, the option or desire to leave the country seems like an intuitive reaction to improve one's economic situation.

However, it is not only the economic conditions that act as a push factor for migration in Serbia. A more general pessimistic view of the future of the country contributes to a trend to seek opportunities abroad. What is worrying is that also nepotism and corruption seems to be a core factor for the emigration of the youth. They consider that more than qualifications, experience and adequate training, personal relationships play a big factor in finding work. At the same time, not all of the young people leaving Serbia want to stay abroad forever. The FES study finds that one fifth plans to stay only a maximum of two years, whereas another fifth intends to stay for a lifetime. Among the most desirable destinations are Germany and other European countries such as Austria or Switzerland.

Social protection and inclusion

Social protection in Serbia is provided through social insurance and various cash and in-kind benefits within the system of social, child and veteran protection. Over the past years, the expenditures on social protection amounted to roughly 20% of the Serbian GDP¹⁰. The biggest share of these social protection expenditures is spent on pensions. Most vulnerable people in Serbia are children up to the age of 14, youth, rural population, uneducated households, unemployed households and inactive households. The Commission Report for Serbia highlights that the coverage and adequacy of cash benefits to provide for essential needs is insufficient. Furthermore, even when services are in place there are widespread concern about their quality and their management. As a result, 7.2% of the Serbian population were considered to be living in absolute poverty in 2017¹¹.

Good practice

Strategy for the Social Inclusion of Roma

The Strategy for the Social Inclusion of Roma (2016 – 2025)¹² represents a good practice in the area of policy development in Serbia according to our National Strategic Group. It is a comprehensive document envisaging different affirmative measures for men and women from the Roma community affected by consequences of long-standing multiple discrimination and social exclusion. The strategy deals with the elimination of social inequality and poverty of Roma in Serbia through political, economic, social and financial systems. The strategy is furthermore in line with EU framework for National Roma Integration strategies and development process involved all relevant actors including CSOs.



Regional inequalities in Serbia

Indicators show that poverty rates are reflected in a stark urban and rural divide, a trend that can also be observed in other countries. Our National Strategy Group highlights that the at-risk-of-poverty rate varies greatly within Serbia, ranging from 4.8% in Novi Beograd, in the Belgrade region, up to 66.1% in Tutin, in the region of Šumadija and Western Serbia¹³. This situation of wealth and income deprivation has far-reaching consequences and must be regarded in a multifaceted manner, from an economic, social but also demographic angle. Joksimović and Golić find that there exist, on the one hand, regions with ‘maximum population density, high incomes and a high share of highly educated population’, and ‘deserted regions with minimal income, old population and the problem of total depopulation’ on the other hand¹⁴. As one might expect, these indicators of inequality do not remain in the realm of economic distribution but also translate into adverse outcomes for health care, education, social and political inclusion. As a way to combat regional inequalities, the report highlights the importance of decentralisation and with it a new territorial organisation that empowers local and regional levels for self-governance and more budgetary independence¹⁵.

Civic space

The areas of rule of law, fundamental rights and good governance are some of the most pressing issues for Serbia. This has to be particularly be seen in light of a very challenging situation for civil society, minority groups, free media and journalists. Our National Strategy Group finds that “the overall environment is not conducive to the exercise of freedom of expression. Cases of threats, intimidation and violence against journalists are still a concern.” Similarly, the EU-Serbia Civil Society Joint Consultative Committee of the EESC expresses concerns

about the lack of progress in the area of freedom of expression. The committee highlights, amongst other issues, that the independence of the Regulatory Authority of Electronic Media must be strengthened, as well as other independent regulatory bodies and associations, and to ensure the implementation of their decisions¹⁶.

Societal and institutional transformation is urgently needed to ensure an enabling environment for civil society organisations operating in Serbia. This includes inclusive and structured dialogue between social partners, an empowered civil society and the Serbian government. According to our National Strategy Group, CSOs in Serbia experience prejudice and disapproval and the public image of CSOs and the level of citizens’ trust in them is rather poor. This is due to inadequate media coverage of their activities, a lot of pressure and false accusations coming from various far-right groups. As a way to counteract this tendency, our National Strategy Group suggests to increase transparency of CSOs to better educate media and the general public on the main areas of their activities as well as the organisational and financial functioning of these organisations. In line with that, the 2019 European Commission progress report¹⁷ highlights that no progress was made towards establishing an enabling environment for the development and financing of civil society. Moreover, criteria for public financial support for CSOs need to be better defined and implemented to ensure overall transparency, especially at local level. A “National Strategy for the Enabling Environment for the Development for Civil Society in the Republic of Serbia” was proposed several times over the last four years but was never adopted. Serious commitments have to be made to ensure systematic cooperation between government and civil society as well as the respect and compliance with all forms of freedom of expression and press freedom.



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SOLIDAR is a European Network of membership based Civil Society organisations who gather several millions of citizens throughout Europe and worldwide. SOLIDAR voices the values of its member organisations to the EU and international institutions across the three main policy sectors: social affairs, lifelong learning and international cooperation.



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