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A ANALYSIS AND ROAD MAP FOR ADEQUATE AND ACCESSIBLE MINIMUM INCOME SCHEMES IN SERBIA



SeConS
development initiative group

EMIN
EUROPEAN MINIMUM INCOME NETWORK



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FOR ADEQUATE AND ACCESSIBLE
MINIMUM INCOME SCHEMES IN SERBIA**

Belgrade, 2015.



EMIN
EUROPEAN MINIMUM INCOME NETWORK

Mreža protiv siromaštva Srbija
Anti Poverty Network Serbia

SeConS
development Initiative group

TABLE OF CONTENTS

LIST OF ABBREVIATIONS	9
EXECUTIVE SUMMARY	10
1. SHORT DESCRIPTION OF MINIMUM INCOME SCHEME	13
1.1. General overview: description of minimum income scheme(s)	13
1.2. Eligibility conditions	13
1.3. Level of living wage	13
1.4. Time duration	14
1.5. Conditionality	14
1.6. Link with other social benefits	15
2. THE LINK BETWEEN MINIMUM INCOME AND THE OTHER TWO PILLARS OF ACTIVE INCLUSION	15
2.1. Inclusive labor markets	15
2.2. Access to quality services	16
3. IDENTIFICATION OF OBSTACLES TO THE IMPLEMENTATION OF ADEQUATE MINIMUM INCOME SCHEMES	17
3.1. Coverage and take-up	17
3.2. Adequacy	19
3.3. Effectiveness	20
4. SUGGESTED NEXT STEPS TO IMPROVE ADEQUACY, COVERAGE AND/OR TAKE-UP OF MINIMUM INCOME SCHEMES	23
5. ANEX: LIST OF PARTICIPANTS IN THE FOCUS GROUP DISCUSSIONS	25

LIST OF ABBREVIATIONS

Abbreviation	Name
GDP	Gross Domestic Product
CA	Child Allowance
EMIN	European Minimum Income Network
EUR	Euro
FSA	Financial Social Assistance
PA	Parental Allowance
RSD	Republic of Serbia Dinar
SER	Serbian

EXECUTIVE SUMMARY

▶ *Minimum income scheme in Serbia*

Minimum income scheme in Serbia is targeting poorest among the poor. Minimum income scheme in Serbia is called financial social assistance – FSA (*Ser. novčana socijalna pomoć*). It aims at providing legally guaranteed level of social security, paid as a difference of family income and guaranteed level. It is a means-tested and centrally administered scheme financed by state budget.

▶ *Links with activation policies*

Links to activation policies do not exist yet. Law on Social Protection (2011) introduced activation schemes for the FSA beneficiaries. The FSA can be reduced or cancelled if beneficiaries do not obey the individual activation plan. However, the necessary bylaws were not adopted and this link with labor market activation is not yet in place.

Public works schemes and temporary engagements fail to activate and integrate beneficiaries. There are local self-governments that have their own schemes for activation and temporary engagement of beneficiaries, mainly public works in cleaning and redecorating the environment. However, these are not employment schemes and beneficiaries are not legally employed nor entitled to social benefits. These constitute rather work for the benefit schemes. As in other countries, these public works rarely lead to permanent employment.

▶ *Access to quality services*

In spite of being fairly developed, welfare services are not equally accessible to the poor. Local welfare services are fairly developed in Serbia. The availability of services depends on numerous factors: place of residence, level of development of municipality, ability of the groups of potential beneficiaries to lobby for the establishment of the service etc.

Some services are designed specifically for the poor. The most notable ones are local one-time social assistance schemes that respond to various needs (e.g. paying for medical treatments and medicines), and various local subsidies (for heat, electricity, local transportation etc.).

▶ *Coverage and take-up*

Low coverage and strict targeting. Coverage of FSA in Serbia has been a weak point for the past decade and more. However, the coverage has increased from 6% of poorest quintile in 2007 to more than 10% in 2010. Income and asset census is approximately at 67% of absolute poverty line. For this reason, under the assumption of perfect targeting a rather small portion of individuals living in absolute poverty is covered by the benefit: approximately 25% in 2010. Furthermore, there are regional inequalities in coverage. The main obstacles in taking-up are property census, administrative procedures etc.

Property census. Individuals who own more than the basic living area (which is one room per member) and agricultural land of 0.5 ha (hectare) are not entitled to FSA unless this property is mortgaged for valorisation of cash benefit costs. Potential beneficiaries are afraid to put land under mortgage and there is also a lack of knowledge about this legal requirement.

Complex administrative procedure. Applicants need to submit a large set of supporting documentation. This is a huge burden for persons with low material status and cultural capital. Roma are particularly at risk as many of them do not have birth certificates. One of the procedures emphasized by the interviewed in our research is

the requirement that applicants prove that persons who are legally responsible to support him/her are not doing it. It comes down to the law suit against the relatives who are legally obliged to support the applicant. This is a huge cultural and administrative obstacle.

Significant role of social workers. Discretionary powers of social workers seem to be high, especially when it comes to estimation of missed revenue (e.g. from property or alimony) and deciding on the eligibility of the application.

Ambivalence regarding policy objectives. It is not clear whether the government wants to increase or decrease the number of beneficiaries. As a consequence, there are huge gaps in coverage between municipalities (e.g. in Priboj, one of the poorest municipalities, the coverage is 0.7% and in Apatin, one of the richest, it is 8.4%).

► *Adequacy*

The scheme is not adequate. FSA is ineffective in getting people out of absolute poverty or even lessening the risk of poverty (relative poverty). It is also low compared to the legal minimum wage. Family with four children can get close to minimum wage (and with the child allowance even pass it) but all other types of families are far from it.

Huge regional inequalities. FSA is close to or even higher than some salaries in less developed regions. This is a consequence of low protection of social and economic rights. On the other side, FSA is far less adequate in more developed parts of the country, e.g. in Belgrade, where the costs of living are much higher. At the end, the program itself is not sensitive to the position of people who rent apartments and are burdened with additional living costs.

Lower entitlements. Beneficiaries often receive smaller amounts compared to legally prescribed maximum. There seems to be two reasons: First, social workers (often arbitrarily) determine the amount of missed income and based on that reduce the amount of benefits. Second, alimony is often included in the income in spite of the fact that it is often not paid. A large number of court processes is taking place tackling this specific issue, but the law enforcement is particularly weak.

► *Suggested next steps to improve adequacy, coverage and take-up of minimum income schemes*

Increasing coverage. There is an implicit policy consensus in Serbia that the FSA ought to be analyzed against the absolute and not relative poverty line because of the fiscal constraints (the government wouldn't be able to sustain social assistance with such high expectations vis-à-vis coverage) and administrative obstacles (almost third of the GDP is produced in informal economy and administrative are insufficient to improve coverage without high spillover). Increase in the overall coverage is further hampered by the low wages and pensions. However, coverage of certain groups can be improved (rural population and Roma). Ways to improve situation include relaxation of administrative criteria related to place of residence or ID cards (for Roma) and property census (for rural population),

Reconsidering property census. One of the immediate steps that need to take place is reconsidering the land census and mortgage policies. These measures are not fully implementable due to the cultural constraints, lack of information among beneficiaries and inadequate utilization of mortgaged land. On the other hand, some land has no particular market value and this also needs to be taken into consideration through e.g. categorization of land.

Reconsidering the application procedure. Certain groups face obstacles in fulfilling administrative requirements for application, e.g. Roma and victims of domestic violence often do not have a registered place of residence, Roma people often do not have ID cards, taxes for issuing various administrative proofs (e.g. cadaster report) are high etc. It was suggested to enable Roma population to be enlisted in national citizenship registries.

Addressing adequacy. Adequacy of the FSA is questionable, especially where the living costs are higher. In less developed areas levels of FSA often come close to wages, especially in informal sector. Due to high unemployment, there is a downward pressure on wages, particularly for low skilled work. Low wages and low minimum pen-

sions are a strong factor perceived as obstacle for increase in the levels of FSA.

Clearer policy goals. At this stage, it is not clear what the policy intentions of the government are to reduce the number of beneficiaries and fiscal burden or increase it with the enacted legal changes (primarily related to the regular indexation of the threshold), because there are divergent practices across the country. This ambivalence was reflected in our research and a strong statement was made that this should be addressed by the line ministry.

Activation policies. Interviews indicate the need to further improve activation policies aimed at beneficiaries who are able to work (by adoption of bylaws needed for the implementation of activation policies and better linking of National Employment Service and Centers for social work). This will increase incentives for work. However, some refinements need to be included with regards to the criteria of eligibility. For example, some beneficiaries are unable to work due to chronicle illness and this is recognized by the social workers and this needs to be included in future policies.

Making links to other systems. It was noted that some measures need to take place in cooperation with e.g. health care system and employment sector. E.g. majority of municipal short-term financial assistance schemes are actually subsidies for medicaments and medical treatments which imply inefficiency of the health care system in addressing the needs of the poor.

Reconsidering the three months gap policy. Many families receive FSA for 9 month during the year as majority of their members are capable of work. However, many cannot find jobs in this period and then they rely on one time (short term) assistance from the municipality. The municipalities often use this program to bridge the three months gap in social assistance scheme.

Information dissemination. Numerous beneficiaries are not aware of the rights and requirement necessary for the fulfilment of these rights. Outreach activities of centers for social work and non-governmental organizations would be beneficial.



1. SHORT DESCRIPTION OF MINIMUM INCOME SCHEME

1.1. General overview: description of minimum income scheme(s)

Minimum income scheme in Serbia is called financial social assistance (*Ser. novčana socijalna pomoć*). It aims at providing legally guaranteed level of social security, paid as a differential amount (difference of family income and guaranteed level). It is a cash benefit, centrally administered and financed by state budget.

Beneficiaries are citizens of the Republic of Serbia having income below the minimal level of social security determined by the Law. Foreigners and stateless persons may become beneficiaries in accordance with international agreements/law. Permanent residence in Serbia is required while exceptions are internally displaced persons who are treated as temporarily residents. Minimum income scheme is not dependent on age.

1.2. Eligibility conditions

Means testing is taken into account. All income generated by the household is included in the calculation: average salaries and incomes in the last quarter, or over a shorter period (from 1-3 months) if income was generated only during this period; unemployment benefits; severance payment if person is made redundant; income generated

by farming, renting possessions and property and other property rights if they are taxable; maintenance granted by the court; income generated by non-registered activities, based on opinion of Center for social work; bank account savings, cash, bonds etc. are also included in monthly income.

There are also limits on the available possessions and property: the household cannot consist of more than the basic living area which is one room per member and agricultural land of 0,5 ha (hectare) unless this property is mortgaged for valorization of cash benefit costs; no family member/individual has given away any properties that s/he might have used for material security; no family member/individual owns properties (besides their home) that can generate an monthly income (through rent or sale) of 6 times cash benefit amount; no family member/ individual has any contracts for lifetime support from any other person or organization.

The following is not taken into consideration: family benefit for up to 4 children, benefit for another person's care (except contract on lifetime support), income generated by awards and retirement bonuses, income generated by pupils or students and cash compensation for bodily injury.

1.3. Level of living wage

Beneficiaries are person or household in need i.e. having income below the minimal level of social security determined by the Law. Households of whom all members are incapable for work and single-parent family are entitled to a 20% increased amount of the cash benefit. The domestic unit for the calculation of benefits is individual or household. Level of benefit depends on number of adults and children in family in need.

The base for calculation of the amount was set at RSD 6,050 in April 2011.¹ It amounts to EUR 64 (7,707 RSD) in October 2014. The

1 All conversion made according to the 1 EUR = 116 RSD exchange rate from 04.07.2014.

income thresholds used for the family compositions, are (January 2012) as follows: individual: 1 x Base – 6,598 RSD (18% of net average wage); other family members – adults: 0.5 x Base per family member – 3,299 RSD; other family members – children up to age 18: 0.3 x Base per child – 1,979 RSD (9% of net average wage). Benefit is adjusted on 1 April and 1 October, based on changes of the consumer price index in previous six months.

Table 1.
Amounts of FSA per different household structure
(November 2014)

Household structure	Amount of FSA in EUR
1	64
1+1	96
2+1	115
2+2	134

1.4. Time duration

The benefit can be received for 9 month during a year if majority of household members are capable of working. Nine months period is adopted to prevent the minimum income scheme becoming a disincentive for work, and majority of beneficiaries do not receive the support during summer when they are typically engaged in part-time jobs. Beneficiaries incapable of work can receive benefit for 12 month a year. Persons incapable of work are those older than the standard retirement age, children up to 15 years of age or up to 26 years of age if pupils/students, disabled persons, pregnant women or parents on maternity leave or on leave for child care, unemployed persons who take care of family member receiving long-term care benefit. Application is re-submitted after the end of the period for which the benefit was granted.

1.5. Conditionality

Submission is supported by 14 documents related to identification, income and taxes, employment status, pensioners' status and income, marriage and alimony etc.² As reported by our interviewees, this represents a huge burden for potential beneficiaries. For the beneficiaries capable of work ought to be available to work, i.e. activate as part of the activation plan. Children are eligible for benefit provided they regularly attend school.

1.6. Link with other social benefits

Beneficiaries of FSA can also be entitled to other social benefits. The most important are child allowance, parental allowance, and allowance for care and support from another person which are financed and administered from the national level. However, beneficiaries can also receive one time municipal social assistance and municipal subsidies for utilities (heating, public transportation, education etc.). There are income and property census for child allowance, parental allowance is a onetime benefit and it is a measure of population policy, while care and support allowance target persons incapable of taking care of themselves in daily functions.

2 An exemplary list of supporting documents include: photocopy of ID card, residence registration, citizenship registration, confirmation on personal income, pensioners' check, certificate from the National employment service, report from the tax office on taxes paid, certificates that children regularly attend school, income certificate, divorce judgment, alimony judgment, confirmation on seizure of employment (if that was the case in last 12 months).



2. THE LINK BETWEEN MINIMUM INCOME AND THE OTHER TWO PILLARS OF ACTIVE INCLUSION

2.1. Inclusive labor markets

As reported, beneficiaries capable of work receive benefit for a maximum nine month period per year. The rationale behind this policy was to maintain incentives for work. The new Law on Social Protection (2011) introduced activation schemes for the beneficiaries. In October 2014 the government has finally adopted a bylaw on the activation schemes. The amount of benefit can be reduced or the entitlement cancelled if the beneficiaries do not obey obligations from the individual activation plan. Center for social work established agreement on cooperation with municipality, National employment service, schools etc., designs activations scheme and monitors its implementation. One of the measures envisaged is activation of beneficiaries in public and community work. At present, there are no data on the implementation on scheme yet.

There are local self-governments that have their own schemes for activation and temporary engagement of beneficiaries. In many cases, beneficiaries are engaged in public works, mostly cleaning and redecorating the environment. However, no precise and systematized data exist. Interviews indicate a series of problems related to this particular solution: these are not employment schemes and beneficiaries engaged through such arrangements are not legally employed and entitled to social benefits, including pension contribution and insurance against occupation hazards. These are rather work for the

benefit schemes. As stated by a local social worker, these temporary engagements are more seen as an additional material assistance than as an opportunity to remain at the labor market. Finally, some activation schemes have to be realized through operations of local utility companies and there is a problem of contract signing between local administration and the utility company, which delays engagement of financial social assistance.

As in other countries, public works schemes rarely lead to permanent employment. Out of 19,180 persons engaged in public works in the period 2006-2009 only 1.8% remained employed.³ Within some specific projects the employment rate reached 6.8%.⁴

However, there are certain limits to activation policies in Serbia. Activity rate is very low in Serbia (48.4% in 2013) while the unemployment rate and informal employment rate are high (22.1% in 2013 and 20.5% in the first quarter of 2014 respectively). Employment structure is unfavourable, with high portion of employees in public sector and agriculture. The unemployment in Serbia is structural, it is increasing in the last decade and it is unclear to what extent the activation measures can contribute to the employment.

One of the issues pointed out in the qualitative research relates to the income from informal economy. Professionals from NGOs engaged in social protection believe there is a large number of household involved in informal economy and this income is not registered. The Centers for social work obviously have no capacities for such a work, but this poses an important issue of targeting and equality.

3 Branka Anđelković i Pavle Golicin, *Procesna evaluacija javnih radova sprovedenih u Srbiji u 2008. i 2009. godini*, Tim za socijalno uključivanje i smanjenje siromaštva, Kabinet potpredsednika Vlade za evropske integracije, Beograd, 2010

4 Marina Petrović, *Socijalna pomoć i aktivacija u Srbiji: u potrazi za inkluzivnim rešenjem*, Beograd: CLDS, 2011, str 18

2.2. Access to quality services

Local welfare services are fairly developed in Serbia, including services for elderly, persons with disabilities, children etc.⁵ Social housing services are underdeveloped and those that exist target internally displaced persons from Kosovo and Metohija, refugees from Bosnia and Herzegovina and Croatia as well as the poor.

Welfare services are provided by public and non-profit service providers and they are in principle free of charge. However, the availability of services depends on numerous factors: place of residence, level of development of municipality, ability of the groups of potential beneficiaries to lobby for the establishment of the service etc. This also applies to health care services. The availability of these two groups of services is more reduced to rural population due to underdevelopment of services, space constraints and social exclusion.⁶

Some of the services are designed to respond to the needs of poor individuals and families, e.g. local one-time social assistance schemes that respond to various needs (e.g. paying for medical treatments and medicines), and various local subsidies (for heat, electricity, local transportation etc.). These exist in each municipality but we do not have data on coverage and overall expenditures. However, there is a general impression shared at the national EMIN conference that large cities (Belgrade and a few more) offer more generous welfare services which adds to a significant migratory pressure from the south of Serbia.

5 Danilo Vuković ed. *Comparative Analysis of the Role of Civil Society in Providing Social Welfare Services*, Belgrade, ASB, 2013; Vuković, Olivera, Danilo Vuković i Slobodan Cvejić, *Usporedno istraživanje lokalnih pružalaca usluga socijalne zaštite: konkurentnost i inovativnost civilnog sektora*, Beograd, TRAG, 2014

6 Cvejić, Slobodan, Marija Babović, Mina Petrović, Natalija Bogdanov, Olivera Vuković, *Social Exclusion in Rural Areas of Serbia*, UNDP, Belgrade, 2010

3. IDENTIFICATION OF OBSTACLES TO THE IMPLEMENTATION OF ADEQUATE MINIMUM INCOME SCHEMES

3.1. Coverage and take-up

Coverage of financial social assistance in Serbia has been a weak point of this scheme for the past decade and more.⁷ However, the coverage has increased from 6% of poorest quintile in 2007 to more than 10% in 2010.⁸ The main reason lies in the methods of adjustment of the eligibility threshold: it is adjusted to the consumer price growth every six months. In spite of the improvements, a high number of poor households and individuals are not covered by this program. To elaborate this, we first need to clarify the nature of the benefit itself. Financial social assistance is a program designed to cover the poorest among the poor. The limit in income per household member (income and asset census) is low compared even to the absolute poverty line and it is approximately at 67% of absolute poverty line.⁹ For this reason, under the assumption

7 World Bank, *Serbia Social Assistance and Child Protection Note*, Washington, DC: The World Bank, 2006, p.27; World Bank, *Social safety nets in the Western Balkans: design, implementation, and performance*, Washington, DC: The World Bank, 2011, p.86

8 World Bank, *Social safety nets in the Western Balkans: design, implementation, and performance*, Washington, DC: The World Bank, 2011, p.xi

9 Income census is set at RSD 6.885 per consumption unit compared to absolute poverty line which is at 10.223 RSD. Income census is determined in absolute values by the law and then adjusted by consumer price growth and it covers the most basic needs (in line with the intent of the minimum income scheme to cover the poorest among the poor). Administrative poverty line was calculated using the World Bank methodology but as of 2010 it is not in use anymore. National Statistical Office is in charge of all calculations. Cf. Matković, Gordana,

of perfect targeting a rather small portion of individuals living in absolute poverty is covered by the benefit: approximately 25% in 2010.¹⁰

The targeting of the financial social assistance in Serbia has been for years estimated as good. The World Bank data from 2007 indicate that 77% of the social assistance budget was received by the individuals from the poorest quintile.¹¹

When it comes to barriers in taking up the financial social assistance, several issues were prominent in numerous researches as well as in this one¹². Among them are property census, complex administrative procedures, discretionary power of social workers, problems in reaching adequate coverage of Roma etc. These obstacles are addressed in the following paragraphs.

The first identified obstacle refers to the **property census**. Individuals who own more than the basic living area (which is one room per member) and agricultural land of 0.5 ha (hectare) are not entitled to financial social assistance unless this property is mortgaged for valorisation of cash benefit costs. The research indicates fear among potential beneficiaries, particularly elderly people from rural areas, to put land under mortgage as well as lack of knowledge about this legal requirement.¹³ The law does not recognize difference in the quality of land,

Boško Mijatović i Katarina Stanić, *Novčana davanja za decu i porodice sa decom u Srbiji: Analize i preporuke*, Beograd: UNICEF, 2013, p.18

10 In 2010 financial assistance was using approximately 168,000 beneficiaries. In 2012 the average number was 224,000 beneficiaries (while in March 2014 287,000 individuals were receiving financial social assistance). The absolute poverty rate in 2010 was 9.2% which is approximately 661.000 persons. Relative poverty line was 18.3% in 2010 and 24.6% in 2012. If we apply this rate of increase in relative risk of poverty to absolute poverty as well, then the number of persons living in absolute poverty could be as much as 885,000 and the coverage would still be approximately 25%.

11 World Bank, *Social safety nets in the Western Balkans: design, implementation, and performance*, Washington, DC: The World Bank, 2011, p.94

12 E.g. World Bank, *Social safety nets in the Western Balkans: design, implementation, and performance*, Washington, DC: The World Bank, 2011; Matković, Gordana, Boško Mijatović i Katarina Stanić, *Novčana davanja za decu i porodice sa decom u Srbiji: Analize i preporuke*, Beograd: UNICEF, 2013

13 One research indicates that 94% of interviewed poor households didn't know they could put their land under mortgage. Matković, Gordana and Marina

i.e. the categorization of land. Therefore, it equally treats a valuable land and almost useless parcels in mountain areas.¹⁴ Furthermore, even when the land is mortgaged it is not used and it further loses its value.

The second obstacle is **complex administrative procedure**. Applicants need to submit a large set of supporting documentation when applying for the financial social assistance. This is a huge burden for them, especially having in mind their material status and cultural capital (often combined with insufficient command of Serbian language, as with Roma). Roma are particularly in risk as many of them do not have birth certificates (particularly internally displaced Roma from AP Kosovo and Metohija).¹⁵

The procedure also requires from the applicant to prove that family members (e.g. son or daughter) who are legally responsible to support him/her are not supporting him/her. It comes down to the law suit against the relatives who are legally obliged to support the applicant. This is a huge cultural and administrative obstacle. It is a cultural obstacle in a sense that many applicants are not willing to take that step, e.g. to sue their children. It is also an administrative obstacle. This is a new legal requirement and it has not been complemented with the development of available and affordable free legal aid services. In many cases, applicants do not know the address of their relatives who are supposed to support them. Finally, the courts often rule out that e.g. a child should pay a symbolic amount of money (500 do 1,000 RSD per month) for supporting a parent, and this is insufficient to cover living expanses of an adult person. This proves that it is an unnecessary administrative requirement that also has a side-effect of putting further burden on court system.

Petrović, *Life under the line: Determinants of low take up of FSA in Serbia*. Beograd, 2012 cited in Matković, Gordana, Boško Mijatović i Katarina Stanić, *Novčana davanja za decu i porodice sa decom u Srbiji: Analize i preporuke*, Beograd: UNICEF, 2013, p.18

- 14 The Association of Centres for social work even required introduction of categorization of land during the process of preparation of the new law, but this was not accepted.
- 15 The lack of adequate documentation and health insurance further complicates as it often happens that Roma women go to deliver babies with someone else's documents, so it further complicates administrative and legal procedures in the future.

The third relevant issue is the **role of social workers**. Discretionary powers of social workers seem to be high, especially when it comes to estimation of missed revenue, e.g. from property or alimony. This means that social workers can check if the applicant has remained silent about his/her property and income and based on this decide on the eligibility of the applicant. However, there is also the opposite side of the position of social workers in the process: they are burdened with administrative work, they cannot advance in ranks, they are underpaid, their authority has diminished etc.

The social workers seem to be in ambivalent position when it comes to the wider policy framework. The policy intention of the government *vis-à-vis* this scheme is not clear i.e. it is not clear whether the government wants to increase or decrease the number of beneficiaries. As a consequence, there are huge divergences in coverage between municipalities (e.g. in Priboj, one of the poorest municipalities, the coverage is 0.7% and in Apatin, one of the richest, it is 8.4%). The second reason emphasized in our research were different approaches and administrative capacities of local centers for social work. In that sense, some centers for social work seem to be less restrictive in assessing applications or more proactive in motivating potential beneficiaries than others. Also, a remark was made on national EMIN conference that in many local administrations the whole system of social protection is being reset after every political shift on central level.

Other researches indicate that stigma, costs of application or low level of assistance were not relevant factors for (non) take up.¹⁶

3.2. Adequacy

The Law on Social Protection defines the basis for the calculation of financial social assistance in absolute terms: 6,050 RSD. This baseline amount is adjusted twice a year by indexation with consumer price growth.

16 Matković, Gordana, Boško Mijatović i Katarina Stanić, *Novčana davanja za decu i porodice sa decom u Srbiji: Analize i preporuke*, Beograd: UNICEF, 2013, p.18

The previous legal framework defined social assistance as a program that aims at filling the gap between the household's income and the threshold equal to a share of the average wage, adjusted for household size. So, for the single member household it was 16% of the average salary and for the four members' household it was 30%.

Financial social assistance is ineffective in getting people out of absolute poverty or even lessening the risk of poverty (relative poverty), as described in the following chapter. In addition, financial social assistance is low compared to the legal minimum wage.¹⁷ Family with four children can get close to minimal salary (and with the child allowance even pass it) but all other types of families are far from it.¹⁸

Discussions indicate the following issues related to the adequacy of the financial social assistance: regional differences, establishing the threshold, duration of the benefit etc.

There are huge **regional inequalities** in Serbia. The respondents from our interviews indicate that financial social assistance is close to or even higher than some salaries in less developed regions, especially salaries in private sector. This is a consequence of weak trade unions and low protection of social and economic rights. On the other side, financial social assistance is far less adequate in more developed parts of the country, e.g. in Belgrade, where the costs of living are much higher. At the end, the program itself is not sensitive to the position of people who rent apartments and are burdened with additional living costs.

Beneficiaries often receive smaller amounts compared to legally prescribed maximum. The discussions conducted during our research indicated two of the reasons. First, social workers (often arbitrarily) determine the amount of missed income and based on that reduce the amount of benefits. Second, alimony is often included in the income in spite of the fact that it is often not paid¹⁹ and that a large number of

17 Minimum income in July 2014 is EUR 182 net (take home) or EUR 246 includes social security and pension contributions. Here, a note of caution needs to be added. In many parts of Serbia salaries in private sector (e.g. services) are lower than the legal minimum salary due to low protection of social rights and low levels law enforcement.

18 Matković, Gordana, Boško Mijatović i Katarina Stanić, *Novčana davanja za decu i porodice sa decom u Srbiji: Analize i preporuke*, Beograd: UNICEF, 2013, p.21

19 Due to the inefficient law enforcement, former spouses do not pay the alimony while social workers often include alimony in the income of applicants.

court processes is taking place tackling this specific issue, but the law enforcement is particularly weak.

3.3. Effectiveness

Available data indicate that financial social assistance is not sufficient to bring household out of the poverty, especially household with more children. Effectiveness of financial social assistance is largest for small single parent households. Only when financial social assistance (FSA) is combined with child allowance (CA) and parental allowance (PA) it enables some households to reach the absolute poverty line.

Table 2.
Amounts of social assistance schemes in 2012

Household type	RSD					EUR				
	FSA	FSA+CA	FSA+CA+PA	Poverty line	Relative poverty line	FSA	FSA+CA	FSA+CA+PA	Poverty line	Relative poverty line
1	82.620			122.676	164.160	731			1.086	1.453
1+1	128.887	167.095	202.140	184.014	N.P.	1.141	1.479	1.789	1.628	
1+2	158.630	235.046	303.566	245.352	N.P.	1.404	2.080	2.686	2.171	
2+1	148.716	178.104	213.149	269.887	295.488	1.316	1.576	1.886	2.388	2.615
2+2	173.502	232.278	300.798	331.225	344.736	1.535	2.056	2.662	2.931	3.051
2+3	198.288	286.452	409.776	392.563	N.P.	1.755	2.535	3.626	3.474	
2+4	223.074	340.626	505.026	453.091	N.P.	1.974	3.014	4.469	4.010	

Sources: Matković, Gordana, Boško Mijatović i Katarina Stanić, *Novčana davanja za decu i porodice sa decom u Srbiji: Analize i preporuke*, Beograd: UNICEF, 2013, p. 146, Republički zavod za statistiku, *Siromaštvo i socijalna nejednakost u Srbiji*, Saopštenje broj 366, 30.12.2013 and authors calculations. Amount in RSD were converted into EUR at the end of the year exchange rates (1EUR = 113 RSD).

Table 3.
Effectiveness of financial social assistance, 2012

Household type	Missing resources in % to the absolute poverty line			Missing resources in % to the relative poverty line		
	FSA	FSA+CA	FSA+CA+PA	FSA	FSA+CA	FSA+CA+PA
1	48.5			98.7		
1+1	42.8	10.1		N.D.	N.D.	N.D.
1+2	54.7	4.4		N.D.	N.D.	N.D.
2+1	81.5	51.5	26.6	98.7	65.9	9.5
2+2	90.9	42.6	10.1	98.7	48.4	14.6
2+3	98	37		N.D.	N.D.	N.D.
2+4	103.5	33.3		N.D.	N.D.	N.D.

Sources: Matković, Gordana, Boško Mijatović i Katarina Stanić, *Novčana davanja za decu i porodice sa decom u Srbiji: Analize i preporuke*, Beograd: UNICEF, 2013, p. 146, Republički zavod za statistiku, *Siromaštvo i socijalna nejednakost u Srbiji*, Saopštenje broj 366, 30.12.2013 and authors calculations. Amount in RSD were converted into EUR at the end of the year exchange rates (1EUR = 113 RSD).

Financial social assistance as a means of reducing absolute poverty is most effective for single parents' households where it reaches 67% of the absolute poverty line. For all other types of households it is ineffective. However, in combination with other social assistance schemes it can get out some of the households out of the absolute poverty. Having in mind that the relative poverty line is far above absolute one (e.g. in 2009 absolute poverty line was approximately 63% of the relative one) it is obvious that the financial social assistance is far less capable of getting beneficiaries out of the risk of poverty.

For a comparison, in March 2014 four members family (2+2) would receive 14,225 RSD monthly as financial social assistance (or 128,028 for a maximum of 9 months if they are able to work) while the relative risk of poverty was set at 28,728 (or 344,736 annually).

In 2010, relative poverty rate was 18.3%. Relative poverty rate before social transfer (excluding pensions) was 20% and the social transfer contributed to the reduction of poverty level for 9.3%. Relative poverty gap was 28.1% before and 25.3% after the transfers. Excluding pension, 55.1% of all social transfer was directed to population at risk of poverty.²⁰ In 2012, at risk of poverty rate was 24.6% and 31.4% before the transfers.

20 *Praćenje socijalne isključenosti u Srbiji*, Beograd: Tim za socijalno uključivanje Potpredsednika Vlade i Republički zavod za statistiku, 2012, str. 27ff

4. SUGGESTED NEXT STEPS TO IMPROVE ADEQUACY, COVERAGE AND/OR TAKE-UP OF MINIMUM INCOME SCHEMES

Recommendations presented in this chapter are derived from the findings of three focus group discussions and desk research on social assistance schemes in Serbia. The first focus group discussion was held on April 1st and it gathered 12 social policy experts from public and non-profit institutions and organizations as well as representatives of the Government. The second focus group discussion was held on April 11th and it gathered representatives of civil society organizations. The third one was held on April 12th with 6 representatives of people experiencing poverty. List of participants is provided in the Annex.

Increasing coverage. There is an implicit policy consensus in Serbia that the financial assistance scheme ought to be analyzed against the absolute and not relative poverty line because of the fiscal constraints (the government wouldn't be able to sustain social assistance with such high expectations vis-à-vis coverage) and administrative obstacles (almost third of the GDP is produced in informal economy and administrative capacities of the government and public services are insufficient to improve coverage without high spillover). Increase in the overall coverage is further hampered by the low wages and pensions.²¹ Therefore, increasing the overall coverage was not emphasized by the interviews in our research. However, coverage of certain

21 Cf. Matković, Gordana, Boško Mijatović i Katarina Stanić, *Novčana davanja za decu i porodice sa decom u Srbiji: Analize i preporuke*, Beograd: UNICEF, 2013, p.34

groups can be improved. It was noted that some groups, such as rural population and Roma are not fully covered by the social assistance. Ways to improve situation include relaxation of administrative criteria related to place of residence or ID cards (for Roma) and property census (for rural population). Initial steps in this direction have already been made.

Reconsidering property census. One of the immediate steps that need to take place is reconsidering the land census and mortgage policies. As reported, these measures are not fully implementable due to the cultural constraints and inadequate utilization of mortgaged land. On the other hand, some land has no particular market value and this also needs to be taken into consideration through e.g. categorization of land.

Reconsidering the application procedure. Certain groups face obstacles in fulfilling administrative requirements for application, e.g. Roma and victims of domestic violence often do not have a registered place of residence, Roma people often do not have ID cards, taxes for issuing various administrative proofs (e.g. cadaster report) are high etc. It was suggested to enable Roma population to be enlisted in national citizenship registries.

Addressing adequacy. Adequacy of the financial social assistance is questionable, especially in Belgrade and other large cities where the living costs are higher. On the other side, in less developed areas levels of financial social assistance often come close to wages, especially in informal sector of economy. Due to the overall underdevelopment and high unemployment (which is structural and long term), there is a high downward pressure on wages, particularly for low skilled work. Low wages and low minimum pensions are a strong factor perceived as obstacle for increase in the levels of financial social assistance.

Clearer policy goals. At this stage, it is not clear what the policy intentions of the government are when it comes to financial social assistance: e.g. whether the government aims at reducing the

number of beneficiaries and fiscal burden or increasing it with the enacted legal changes (primarily related to the regular indexation of the threshold), because there are divergent practices across the country. E.g. in many poor municipalities there is a lower number of beneficiaries than in richer ones and the only explanation is that the government is, in reality, using administrative and policy measures to reduce the expenditures on financial social assistance. There were, though, diverging opinions regarding the policy aims the government is trying to achieve and as they are not stated in written, this should be addressed by the line ministry.

Activation policies. Interviews indicate the need to further improve activation policies aimed at beneficiaries who are able to work (by adoption of bylaws needed for the implementation of activation policies and better linking of National Employment Service and Centers for social work). This will increase incentives for work. However, some refinements need to be included with regards to the criteria of eligibility. For example, some beneficiaries are unable to work due to chronic illness and this is recognized by the social workers and this needs to be included in future policies.

Making links to other systems. It was noted that some measures need to take place in cooperation with e.g. health care system and employment sector. This is not always taking place. As an example, majority of municipal short-term financial assistance schemes are actually subsidies for medicaments and medical treatments which imply inefficiency of the health care system in addressing the needs of the poor.

Reconsidering the three months gap policy. Many families receive FSA for 9 month during the year as majority of their members are capable of work. However, many cannot find jobs in this period and then they rely on one time (short term) assistance from the municipality. The municipalities often use this program to bridge the three months gap in social assistance scheme.

Information dissemination. Numerous beneficiaries are not aware of the rights and requirement necessary for the fulfilment of

these rights. Outreach activities of centers for social work and non-governmental organizations would be beneficial.

Increasing capacities. Huge administrative and professional burden under which CSW are operating and several steps were suggested. First, NGOs ought to be incapacitated to take over some of the tasks of the CSW, especially in terms of local welfare services while some of the tasks might be allocated to local administration. Second, support mechanisms from central to local level (including monitoring as well as earmarked transfers) need to be established.

5. ANEX: LIST OF PARTICIPANTS IN THE FOCUS GROUP DISCUSSIONS

Focus group discussion with experts and government representatives:

- 1) Mr Zoran Albijanić, Asociation of centers for social work
- 2) Ms Mirjana Maksimović, Government of Serbia, Social Inclusion and Poverty Reduction Unit
- 3) Ms Natalija Perišić, Belgrade University
- 4) Ms Snežana Stojanović, Center for social work Kragujevac
- 5) Mr Goran Javorac, Center for social work Čačak
- 6) Ms Smiljka Đorđević, Center for social work Belgrade
- 7) Mr Božidar Dakić, National Institute for Social Protection
- 8) Ms Jelica Marić, Provincial Institute for Social Protection
- 9) Ms Ljiljana Vučetić-Protić, Ministry of Labor, Employment and Social Policy
- 10) Mr Živorad Gajić, National Institute for Social Protection
- 11) Mr Miodrag Tasić, Serbian Association of Social Workers

Focus group discussion with representatives of civil society organizations

- 1) Ms Ana Pecarski, Narodni parlament, Leskovac (People's Parliament)
- 2) Ms Gordana Kalović, Udrženje građana za socio-ekonomski razvoj „Sunce”, Kragujevac (Asociation for Socio-Economic Development “Sun”)
- 3) Mr Željko Plavšić, Edukacioni centar, Leskovac (Educational Center)

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- 4) Ms Nataša Jovanović, Autonomni ženski centar, Beograd (Autonomous Women's Center)
 - 5) Mr Vlade Satarić, Snaga prijateljstva – Amity, Beograd (Strength of Friendship – Amity)
 - 6) Ms Milica Simić, Dečiji romski centar, Beograda (Roma Child Center)
 - 7) Mr Dejan Bajramović, Romani Asvi, Vranje
 - 8) Ms Rozalija Ilić, Romski informativni centar, Kragujevac (Roma Information Center)
 - 9) Mr Branislav Jovanović, Vizija, Kragujevac (Vision)
 - 10) Mr Miroslav Ružica, Istraživači socijalnih prilika, Beograd (Social Policy Researchers)
 - 11) Ms Snežana Živković, Romani Cikna, Kruševac

Focus group discussion with people experiencing poverty

- 1) G. G., 23 years, female. Spent youth in home for children without parental care and now is living in protected environment. Finished medical high school and is serving practice.
- 2) V. R., 38 years, female. Mother of two minor children, unemployed. Living in Roma settlement, using Financial Social Assistance. Husband employed informally in car wash.
- 3) R. Š., female. Mother of two adults, both graduated at the university. Refugee from 1995, spent 10 years in collective center, now renting apartment. Unemployed, with occasional short term engagements.
- 4) M. Đ., 30 years, male, person with disabilities. Close to university graduation, active in civil society organizations.
- 5) B. Đ., 52 years, mother of person with disabilities, taking care of her son. They both live in student dormitory. Unemployed.
- 6) B. V., 62 years, mother, Roma. Victim of domestic violence and started living in the street. Now lives in informal Roma settlement. Active in civil society organizations.