

Marina Petrovic



# **SOCIAL ASSISTANCE AND ACTIVATION IN SERBIA: IN SEARCH OF INCLUSIVE POLICY OPTIONS**



**CLDS**  
Center for Liberal-Democratic studies

Belgrade, October 2011







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## EXECUTIVE SUMMARY

The aim of this report is to offer a baseline for the assessment of the effects of the new Law on Social Welfare adopted by the Government of Serbia in April 2011. The data stems from an ad hoc survey conducted among the recipients of financial social assistance (FSA) geared to identify their labour market status, educational attainment, job search activities and access to multi-agency referral system.

Over two thirds of FSA recipients had attained primary education or less at the time of the survey, which is significantly lower than the average educational attainment of the Serbian population. Only 3 percent of respondents reported to be employed, mostly in the informal economy. Over 76 percent of all FSA recipients were registered as unemployed with the National Employment Service (NES), but only 41 percent were looking for a job in the four weeks prior to the survey, with young people being the most active of all. The main reasons for not actively searching for a job were primarily poor health and disability, care responsibilities and discouragement.

The survey data suggest that most of the potential for activation lies with the younger population (15-29). Young people are more keen to return to mainstreamed formal education or participate to training programmes compared to other groups of benefit recipients. However, when conditionality is factored into the entitlement to benefits, perceptions about education, training and employment shift considerably. Referrals between social and employment services cover a negligible share of recipients, with referrals from social and employment services to formal education being slightly more common.

The results of the research point to a social assistance system that encourages welfare dependency. The only activation strategy currently available, e.g. the public works programme, has shown positive results in increasing beneficiaries' employability and work readiness, but only for FSA recipients belonging to the age groups 30 to 49 and 50 to 64 years old. This suggests that a different activation strategy needs to be deployed to target young beneficiaries, namely one that focuses on the return to formal education and subsidized training programmes along the lines of the measures piloted by the Youth Employment and Migration joint programme.

# SOCIAL ASSISTANCE AND ACTIVATION IN SERBIA: IN SEARCH OF INCLUSIVE POLICY OPTIONS



## INTRODUCTION

This report presents the findings of a research on the labour market status, job search activities and activation potential of social assistance beneficiaries in Serbia. The data stem from a survey commissioned by the joint programme *Youth Employment and Migration in Serbia (YEM)*. The survey, carried out in July 2011, used the existing Labour Force Survey (LFS) questionnaire complemented by additional questions.<sup>1</sup> The aim of the research is to build a baseline for the assessment of the effects of the newly adopted *Law on Social Welfare*. This report presents the baseline results and a set of policy recommendations for future activation of social assistance beneficiaries.

Within the range of available social protection benefits in the Serbian system, the analysis focuses on the programme that provides financial social assistance (FSA) to poor individuals and households.<sup>2</sup> FSA is the main social assistance programme financed and delivered by the Ministry of Labour and Social Policy through the Centres for Social Work (CSWs). It targets individuals and households with an income below the minimum social welfare threshold. The FSA benefit fills the gap between the household's income and the established threshold adjusted for household size.

Under the current arrangement, the FSA program is very passive and encourages long-term welfare dependency.<sup>3</sup> The new *Law on Social Welfare* envisages the activation of this specific group of recipients and requires a better alignment of social and employment services. The main legislative amendments related to the FSA eligibility criteria are summarized in Box 1.

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<sup>1</sup> The timing of the survey may have affected the results due to the nine month eligibility limit of the social assistance programme. This applies to all social assistance recipients who are able to work and are expected to take up seasonal jobs during the summer period. Hence, some recipients might have been already excluded from the programme in June and July. To ensure comparability of results, it would be important that follow-up surveys be carried out in the same period. The reasons for carrying out the survey in July, despite the above mentioned shortcomings, are two-fold. First, as this research is meant to serve for the medium to long-term monitoring and evaluation of the new Law on Social Welfare (April 2011), the baseline data were collected as close as possible to the date of entry into force of the law. Second, the research findings are supposed to inform the drafting of by-laws on activation of social assistance recipients, which is scheduled to start in late 2011.

<sup>2</sup> This programme is roughly the same as the previous social assistance benefit (MOP in Serbian language). The name of the programme as well as some provisions were changed by the new Law on Social Welfare (2011).

<sup>3</sup> Matkovic G., Mijatović B., *Analiza uticaja državne finansijske podrške siromašnima*, Centar za liberalno-demokratske studije, Belgrade, 2008; World Bank, *Serbia Social Assistance and Child Protection Note*, Washington D.C. 2006.

## Box 1. Main FSA provisions introduced by the new Law on Social Welfare

The 2011 Law on Social Welfare significantly changed the FSA benefit levels and coverage, particularly for beneficiaries living in multi-member households and for households where members are unable to work. In addition, FSA recipients are expected to become more active in addressing their problems.

In nominal terms, the new benefit is set at a higher level, calculated on a new equivalence scale aligned to the modified OECD scale (1 for the first adult, 0.5 for the second and each additional adult, and 0.3 for the child). For households where no member is able to work, the law provides for a 20 percent benefit increase. The maximum number of eligible members was raised from five to six, while the nine-month eligibility timeframe for households where the majority of members is able to work remained unchanged. The land ownership threshold was increased from 0.5 to 1 hectare for households where all members are unable to work. The definition of individuals unable to work also changed to include college and university students, pregnant women and carers of disabled family members. These amendments are expected to increase the number of FSA recipients by 60 percent and spending on social assistance by 80 percent.

There is a new emphasis on the activation of FSA recipients through education, training, employment and community based work. For the first time, the Law on Social Welfare prescribes that an individual able to work has the right, as well as the obligation, to participate to activities leading to his/her inclusion in society. The new Law gives the possibility to the CSWs to sign agreements with beneficiaries for their activation (individual activation plans) and with other service providers, such as the National Employment Service.

*Source:* Matkovic, G., *Poverty in Serbia during the transition – Trends, policies, dilemmas*. Paper presented at the World Bank International Conference on Poverty and Social Inclusion in the Western Balkans, Brussels, December 14-15, 2010

The baseline data provided by this research will allow to measure the effect of the changes introduced by the *Law on Social Welfare*, especially in terms of FSA recipients' activation. A list of selected indicators for this purpose and the corresponding baseline values is presented in Section 8.

The report is structured as follows. The first section summarizes the data collection methodology. This section is followed by a description of the main characteristics of the surveyed population, which covers also the profile of young welfare recipients (15 to 29 years of age).<sup>4</sup> The third section presents the employment history of FSA recipients, followed by the findings on job search, education and training participation. The following sections describe the referral approaches between the social and employment services and examines the potential for activation in Serbia. The report concludes with a set of policy recommendations for the activation of social assistance beneficiaries.

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<sup>4</sup> The 15-29 age group is defined as the target group under the Youth Employment and Migration joint programme and covers those who had turned 29 years old at the time of the survey.



## 1. Data and methodology

The sample for the analysis comprises 868 FSA recipient households (1,652 household members).<sup>5</sup> The structure follows the household structure of FSA recipients stemming from the administrative data of the Ministry of Labour and Social Policy, where single-member families are over-represented. The sample was adjusted to include a significant number of multi-member (large) families. The unit of observation is individuals in the age group 15 to 64 years old (working age population).

Data were collected for the territory of Serbia according to the Nomenclature of Units for Territorial Statistics (NUTS) level 2 (Region of Belgrade, Vojvodina, Sumadija and Western Serbia, Southern and Eastern Serbia). Figures are disaggregated also by urban/non-urban classification.

As the main focus of the research is the labour market status and employment history of FSA recipients, the data analysis centred primarily on individuals able to work. Where appropriate, certain groups categorized by the *Law on Social Welfare* as unable to work, were excluded.<sup>6</sup> This is the case for young people enrolled in school, who were excluded from the analysis on the return to mainstreamed education, referrals between institutions and participation in public works. In the discussion of activation potential, however, particular attention was paid to young recipients, including students (e.g. only temporarily unable to work). Other groups categorized as unable to work include persons with disabilities, pensioners and care givers. The figures of FSA recipients registered with the National Employment Service (NES), i.e. those able to work, show that around 25 percent of FSA recipients in the age group 15-64 is permanently or temporarily unable to work.

Although the primary research group is FSA recipients, the analysis ultimately covered a more diverse group of welfare beneficiaries. This is because the recipients of financial social assistance often face a variety of problems, such as disability, single parenthood, family violence, drug abuse, and housing difficulties. This is evidenced by the high incidence of case management among FSA recipients who would not otherwise be included in this form of social work.<sup>7</sup>

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<sup>5</sup> The sample is a two-tier stratified sample that reflects the national situation.

<sup>6</sup> Categories defined as "unable to work" are listed in Article 85 of the Law on Social Welfare.

<sup>7</sup> A CSW client facing financial deprivation as the only problem is not entitled to case management services according to the current regulations.

## 2. Key characteristics of the surveyed population

More women than men are FSA recipients (52.2 percent and 47.8 percent, respectively), which is in line with overall population estimates.<sup>8</sup> Table 1 below shows that the majority of recipients are in the age group 30 to 49 years of age (41.8 percent), followed by over one third of recipients in the age cohort 50 to 64 years of age. Young people 15 to 19 years old represent 27.1 percent of all FSA beneficiaries.

Table 1. Main characteristics of FSA recipients (%)	Percent
<b>Sex</b>	
Men	47.8
Women	52.2
<b>Age group</b>	
15-29 years old	27.1
30-49 years old	41.8
50-64 years old	31.1
<b>Settlement type and region</b>	
Urban	65.7
Non-urban <sup>9</sup>	34.3
Belgrade	7.9
Vojvodina	23.2
Sumadija and Western Serbia	29.3
Southern and Eastern Serbia	39.6
<b>Educational attainment</b>	
No education	5.7
Incomplete primary education	14.9
Primary education (8 grades)	41.8
Secondary education	35.5
College education	1.0
University	1.1

Source: Republic Statistical Office (RSO), FSA recipient dataset, 2011.

<sup>8</sup> See Republican Statistical Office at <http://webzrs.stat.gov.rs/WebSite/Public/PageView.aspx?pKey=163>.

<sup>9</sup> "Non-urban" corresponds to "Other" areas ("Ostalo" in the Serbian language) in the official statistics and includes non-urban and sub-urban areas.

Single-member households represent 36.4 percent of all recipient households. Two and three-member households represent 22.2 percent and 16.7 percent of all recipients, while the share of four and five-member households is 12.9 and 7.7 percent, respectively. Households with six members and more account for 4.1 percent of the total.

Over 65 percent of all FSA recipients live in urban areas. Southern and Eastern Serbia has the larger share of FSA recipients (39.6 percent) and Belgrade the lowest (7.9 percent). This is in line with poverty estimates that indicate lower poverty rates in Belgrade compared to other Serbian regions<sup>10</sup>.

In terms of educational outcomes, over two third of FSA recipients have primary education or less, nearly twice the share found for the overall population (30 percent). Among these, nearly 6 percent never went to school and 14.9 percent did not complete compulsory education. Only 38 percent of FSA beneficiaries has secondary education, compared to over 70 percent recorded for the Serbian population<sup>11</sup>. Approximately 2 percent of FSA beneficiaries have university education.

Approximately 43 percent of FSA recipients also enjoy other types of social transfers. The largest overlap is between the FSA and child allowances, with around 94 percent of FSA recipient households also receiving child allowance and 5 percent receiving caregivers' allowance, with no significant difference among the various groups (Figure 1). Other types of transfers (one-off payments, parental allowances and student bursaries) are less common. None of the respondents received humanitarian aid in the reference period.

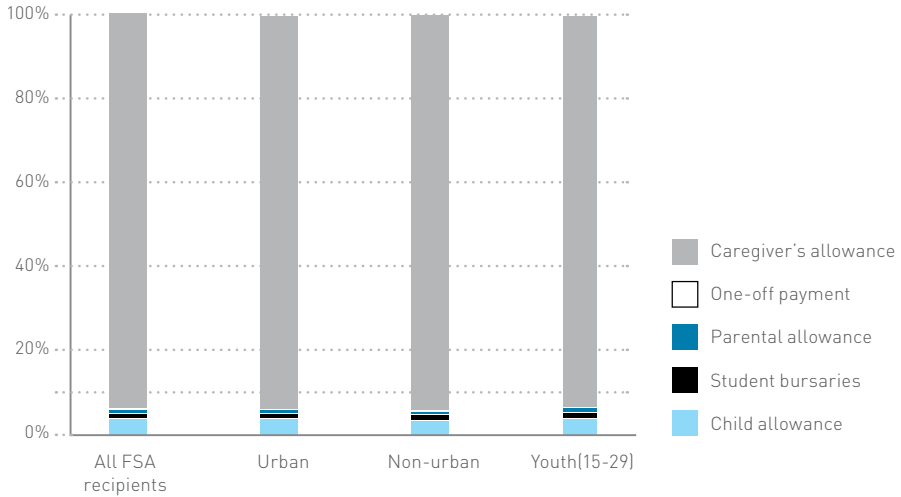
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<sup>10</sup> Republic Statistical Office (RSO), Living Standards Measurement Study Serbia 2002-2007. Republican Statistical Office, Belgrade, 2008.

<sup>11</sup> Republic of Serbia, First National Report on Social Inclusion and Poverty Reduction in the Republic of Serbia The Status of Social Exclusion and Poverty Trends in the Period 2008 – 2010 and Future Priorities, Office of the Deputy Prime Minister, Belgrade, 2011.



Figure 1. FSA and other social transfers (prior month), %



	Caregiver's allowance	One-off payment	Parental allowance	Student bursaries	Child allowance
All FSA recipients	4.7	1.0	0.4	0.1	93.8
Urban	5.1	1.0	0.4	0.2	93.3
Non-urban	3.9	0.9	0.4	0.0	94.9
Youth(15-29)	3.9	1.7	0.9	0.4	93.1

Source: Republic Statistical Office (RSO), FSA recipient dataset, 2011.

The average duration of the benefit is 4.4 years, with women more likely to remain longer on the benefit system compared to men (4.7 and 4 years, respectively). Over 6 percent of households had been receiving the FSA benefit for more than 10 years, 19 percent for over 5 years. Only 10 percent had been on benefits for less than a year. This indicates that for many individuals and households the lack of resources is a long-term problem from which it is difficult to escape.

Over one fifth of all FSA recipients come from families that were themselves on social assistance. This share is significantly higher for individuals living in non-urban areas and in Sumadija and Western Serbia (Figure A1 in the Annex). A relatively smaller share of FSA recipients in Southern and Eastern Serbia comes from beneficiary families, despite the fact that this region has currently the largest share of FSA recipients. One possible explanation is that a significant number of poor individuals living in this region became eligible following the 2004 amendments of the *Law on Social Welfare*, namely after the setting of a single eligibility threshold for the whole country.<sup>12</sup>

The survey data also report the subjective assessment of recipients on the level of needs covered by the FSA benefit. For over 97 percent of respondents, the benefit covers only half or less of their needs (Table A1 in the Annex). Over 80 percent deems that only one third of their needs is covered, with roughly the same percentage being satisfied through own production (Table A2 in the Annex).<sup>13</sup> The average amount that is perceived to be needed is 29,756 Serbian dinars (RSD), approximately 1.5 times the minimum wage.<sup>14</sup> This average amount, however, drops to 25,417 RSD (around 10,000 RSD per equivalent adult) when the OECD equivalence scale is applied.

The younger the individual, the lower the share of perceived needs covered by the benefit and the higher the amount that would be required. As young people form a rather distinctive group, they are analyzed separately. Box 2 offers some basic data on younger recipients.

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<sup>12</sup> According to the previous social welfare law, the FSA eligibility thresholds were set at municipal level on the basis of the average salary in the given municipality. When the threshold was unified, the number of FSA recipients in municipalities with low salaries and low eligibility thresholds increased.

<sup>13</sup> The question on own production offers an interval of one third, which was found to be too large. For future surveys it is suggested to offer a larger number of smaller intervals.

<sup>14</sup> The net minimum wage in Serbia in the same period was RSD 17,136, while the FSA ranged from RSD 6,552 for single member household to RSD 17,690 dinars for households with two adults and four children.

## Box 2. Stylized facts about young FSA recipients (15-29 years old)

Young men are more likely than young women to be FSA recipients. This changes later in life, as women in the 50-64 age group become relatively more represented among beneficiaries. Two thirds of the young recipients live in urban areas and almost two fifths are still in school. If students are excluded (38 percent of young beneficiaries), the education structure of young FSA recipients shows that 20.3 percent did not complete primary school. Youth represents 17 percent of all FSA recipients with uncompleted primary education. The largest share of young recipients has high school education (43.4 percent); over 33 percent completed primary school and 3 percent had university education attainment. Overall, young FSA recipients are less educated than their non-recipient peers.

### Basic indicators on 15-29 years old beneficiaries, percent

Sex		Still in education	38.2
Male	51.9	Education of economically active <sup>15</sup>	
Female	48.1	No school	5.7
Settlement type		Incomplete primary education	14.6
Urban	67.9	Primary education	33.5
Non-urban	32.1	Secondary education	43.4
In employment	2.0	University education	2.8

Source: RSO based on the FSA recipient dataset 2011

For many young FSA recipients not in education or planning to return to school, work appears to be the only option. However, only 2 percent are employed, but mainly in the informal economy. The social transfers young people rely on are most often child and caregiver allowances (Figure 1), as 17.5 percent of them are head of households.

## 3. Financial social assistance (FSA) and employment history

The figures of the survey indicate that only 3 percent of FSA recipients is employed, with 44 percent working in the formal economy and 56 percent involved in various kinds of informal activities.

Over 55 percent of working age FSA recipients have prior work experience, men more than women (61 percent and 44 percent respectively), with an average length of employment of 12 years. Only 17.2 percent of young people – including those in school at the time of the survey – have prior work experience (Table A3 in the Annex).

<sup>15</sup> Excluding those still in education.

Over half of FSA recipients was dismissed, either due to bankruptcy/closure of the enterprise or for other reasons (Table 2 below). This is particularly the case for beneficiaries 50 years of age and older. The composition of FSA recipients appears to be shifting towards individuals who lost their jobs during the transition to a market economy, given the relatively higher number of new FSA beneficiaries with prior formal work history. For roughly 28 percent of beneficiaries employment ceased due to the temporary/seasonal character of the job, while 6 percent left work due to illness or disability. Over 65 percent of young beneficiary lost their job due to its temporary/seasonal duration, confirming that temporary work is the predominant form of employment for young people in Serbia. Around 3 percent of beneficiaries had to leave work due to personal or family reasons (including care responsibilities).

**Table 2.** Reasons for losing the job (FSA beneficiaries %)

Reasons	Total	Sex		Age groups		
		Male	Female	15-29	30-49	50-64
Dismissed (including bankruptcy)	55.6	58.2	52.3	27.8	48.3	68.9
The job was temporary or seasonal	27.8	27.1	28.7	65.8	33.8	13.7
Own illness or disability	5.7	6.2	5.0	2.6	7.3	4.7
Other personal and family reasons	1.7	1.3	2.2	0.0	1.6	2.2
Looking after children or incapacitated adults	1.4	0.0	3.2	2.6	2.6	0.0

Source: Republic Statistical Office (RSO), FSA recipient dataset, 2011.

As regard the type of work FSA recipients carried in the past, only 2 percent were employed in jobs organized by the local self government. Of these, 55 percent had an employment contract, while 45 percent received a lump-sum payment for the work performed. Men were more likely to be involved in such jobs compared to women. A higher share of FSA recipients (4.7 percent), however, participated to public works.

### Box 3. Public works in Serbia

Public works in Serbia target registered unemployed belonging to 'hard-to-employ' categories. Since its launch in 2006, this programme has provided temporary work (6 to 12 months) to the most disadvantaged groups among the unemployed, mostly unskilled and long-term jobseekers. The salary is set at the statutory minimum wage, with higher levels paid to participants with secondary, college and tertiary education (15, 30 and 45 percent higher than the minimum wage, respectively). The programme also includes off- and on-the-job training. Together with the measures designed under the aegis of the Youth Employment and Migration joint programme, public works is the only official "activation" policy targeting FSA recipients in Serbia. It is important to note, however, that FSA beneficiaries are only one of the target groups of this programme, the others comprising Roma individuals, refugees, young people, workers with disabilities, older workers and long-term unemployed.

The percentage of FSA recipients who found employment after participating to a public work programme is 6.8 percent, which is higher than the employment rate found for all public works' participants (1.4 percent in 2007).<sup>16</sup> Men are more likely to participate to a public work programme compared to women (6.1 percent and 3.4 percent, respectively). Likewise, the percentage of individuals in the prime age (30-49 years old) and older cohort (50-64) engaged in public work is higher than that of young people (6 percent, 5.8 percent and 4 percent, respectively).

One third of FSA recipients who participated in public works think they have gained the skills needed to find a new job, while approximately one half considered the salary level of public works as a good enough incentive to work.

Only 6.2 percent of all FSA beneficiaries would work rather than remain on benefits, if offered works at a salary equal to the FSA amount (Table 3). However, recipients that participated to public works are much more likely to opt for work compared to other groups of beneficiaries (27 percent). The same applies to individuals living in single and two-member households compared to beneficiaries of larger households.

**Table 3.** FSA recipients opting to work rather than remain on benefits (%)

Total FSA recipient who would work	6.2
Total FSA recipients, excluding students	6.8
Beneficiaries 15-29 years old (excluding students)	6.1
Beneficiaries 30-49 years old	6.7
Beneficiaries 50-64 years old	7.6
Beneficiaries who participated in public works	26.7
Beneficiaries who did not participate in public works	5.2
Beneficiaries living in single-member households	9.2
Beneficiaries living in two-member households	7.1

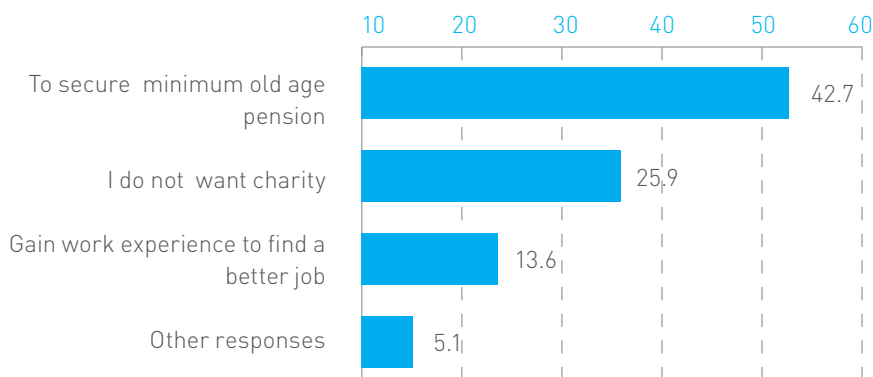
Source: Republic Statistical Office (RSO), FSA recipient dataset, 2011.

<sup>16</sup> For a comprehensive assessment of active labor market policies (ALMPs) and their impact in Serbia, see Arandarenko, M., Krstić, G., Impact Analysis of Employment Policy and Active Labour Market Programmes in the Republic of Serbia, 2003-2007, Government of the Republic of Serbia, Deputy Prime Minister Office, Belgrade, 2008 available at <http://www.inkluzija.gov.rs/wp-content/uploads/2010/03/Impact-Analysis-of-Employment-Policy-and-Active-Labour-Market-Programmes.pdf>.

The low availability to work is not surprising for at least two reasons. First, the work alternative was offered at a salary level equal to the social assistance benefit, which is often much lower than the statutory minimum wage.<sup>17</sup> Figure 3 below indicates that the younger cohort is less available to work at low wages compared to other age groups. This points to a reservation wage mechanism among young beneficiaries.<sup>18</sup> Second, since a considerable share of beneficiaries do not have any prior work experience, they are unaware of all the advantages associated with being productively employed. Public work participants, who had the opportunity to have a job and earn a salary, seem to be more willing to work. The figures suggest that there is a core 6.8 percent of FSA recipients who are willing and available to work for a salary level equal to the amount of social assistance.<sup>19</sup>

Beneficiaries who would opt for work do so mainly to secure a minimum old age pension. This is why the older cohort of FSA recipients is more likely to opt for work than other age groups (Figure 2). Other important reasons for opting to work is the need to have a productive role in society (do not want charity) and the opportunity to gain work experience necessary to find better jobs. This is particularly the case for over a third of young people.

**Figure 2.** Main reasons for opting to work, %



Source: Republic Statistical Office (RSO), FSA recipient dataset, 2011.

Figure 3 below shows the main (perceived) obstacles that FSA beneficiaries face in taking up work. Nearly half of respondents indicate the lack of jobs as the main constraint, followed by poor health (17 percent). Given the high and rising unemployment rates recorded in Serbia since the onset of the global economic crisis in 2008, the high share of respondents pointing to low labour demand as the main obstacle is not surprising.

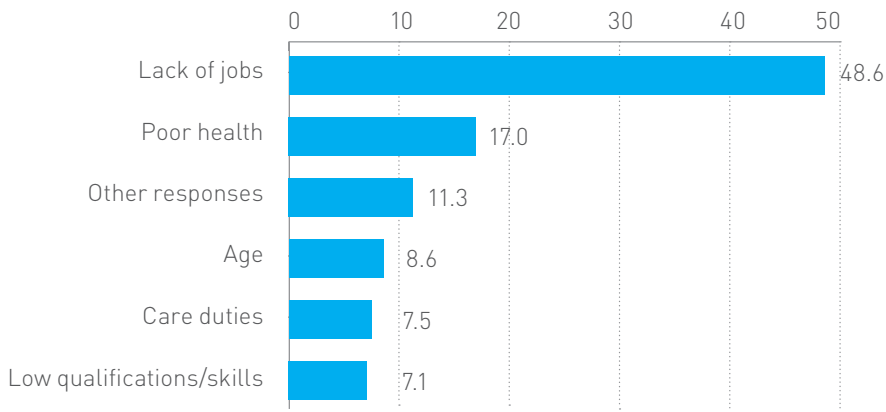
<sup>17</sup> The level of the social assistance benefit depends on the size of the household, e.g. the lower the number of family members, the lower the benefit.

<sup>18</sup> It would be interesting to explore if more young people would opt to work at higher salary levels.

<sup>19</sup> This share would probably have been higher had the survey been carried out of season, e.g. in the period of the year when there are larger numbers of FSA recipients able and willing to work.

However, a contributing factor may be the workers' discouragement effect, as many FSA recipients are long-term unemployed and they may have lost confidence in ever being able to find a job.

Figure 3. Main obstacles to work (%)



Source: Republic Statistical Office (RSO), FSA recipient dataset, 2011.

Age is also a significant constraint, especially for older beneficiaries (aged 50 years old and over). An almost equal share of FSA recipients (over 7 percent) find lack of qualifications and care responsibilities as the as the main obstacles to work.

#### 4. Job search and return to education

Around three quarters of all FSA recipients are registered with the National Employment Service (NES). However, only 41 percent were looking for a job in the four weeks preceding the survey, with men being more active (47 percent) than women (35 percent). The younger cohort (15-29) is the most active in job search (Table A6 in the Annex). If we compare these figures with the reasons for not looking for a job or with the share of referrals, it is clear that many FSA beneficiaries have lost hope of ever finding work and the system does not encourage them to be more active.

Among FSA recipients registered with NES, the main reason for not searching for a job is illness or disability and care duties (Table 4).

<sup>20</sup> Those who are not registered include students, pensioners, as well as persons who are temporarily or permanently unable to work for any other reason.



Based on the figures presented so far, it is difficult to find a reasonable explanation of such high shares of FSA recipients (43 percent) claiming to be unable to work due poor health or disability.<sup>21</sup> A significant share of recipients (19 percent) have care responsibilities (looking after children or disabled adults).

Most young FSA recipients registered with the employment service were not searching for a job due to care responsibilities (43 percent), with a much smaller share not searching for a job due to poor health (14 percent of young beneficiaries compared to 43 percent among FSA recipients). Less than 2 percent were discouraged workers compared to over 16 percent found among the overall recipient population. These results suggest that the potential for activation lies mostly with the younger group.

**Table 4.** Reasons for not looking for a job (beneficiaries registered with the NES), %

Reasons for not looking for a job	All recipients	Youth
Illness or disability	43.4	13.9
In education or training	1.1	6.7
Looking after children or disabled adults	18.7	42.8
Lost hope in finding a job	15.9	1.9
Other personal or family reasons	13.4	17.2
Reasons for not being available to work		
Personal or family reasons (including maternity leave)	52.5	76.8
Illness or disability	46.5	18
In education or training	0.9	5.2
Reasons for visiting the employment service		
Complying with the obligation to report regularly	67	60.5
Consultations on the individual employment plan	6.3	2.6
Need additional information (vacancies, measures)	7.3	11.7
Consultations for intake into employment programmes	0.9	2.2

Source: Republic Statistical Office (RSO), FSA recipient dataset, 2011

One third of FSA recipients registered with the employment service – but not looking for a job – would accept a job offer. However, 4.3 percent of beneficiaries to whom a job was offered, rejected it.

<sup>21</sup> For follow-up surveys, it would be important to further detail the response “own illness and disability” and “taking care of another person”.

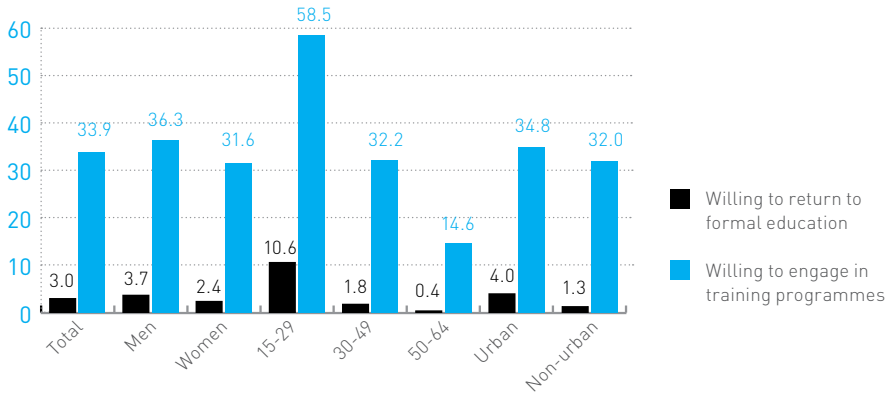
Nearly 60 percent would be available to start work within two weeks. The reasons for not being available within the two weeks period range from maternity leave to illness and school attendance (Table 4). These results overlap to some extent with the previous figures, except in that here personal and family reasons prevail over illness or disability.

The high share of beneficiaries unable to work (over 40 percent) is in line with the incidence of FSA recipients involved in case management, pointing to objective reasons preventing recipients from being active in the labour market. Again, young recipients are less likely to indicate illness or disability as the reason for not being available for work (18 percent compared to 47 percent).

One way to gauge the level of individual job search activity is to look at the frequency with which FSA recipients registered with the employment service visit their case workers and for which reasons. Only 3 percent of FSA beneficiaries visit NES offices on a monthly basis. Most beneficiaries (77 percent) visit the NES offices every three months and the remaining 20 percent once every six months. These visits are mainly related to compliance with the formal obligation to report (67 percent), while 7 percent of beneficiaries visit the employment offices to have information on job vacancies or on their individual employment plan. Young people seem to be more active in requesting additional information.

Jobs search activity is closely related to educational background and personal attitudes, including the individual's willingness to engage in education, training or employment. Only 3 percent of all FSA beneficiaries are willing to return to the formal education system, with young people more prone to return to education (10.6 percent) compared to other groups (Figure 4).

**Figure 4.** Willingness to return to education or participate to a training programme (%) <sup>22</sup>



Source: Republic Statistical Office (RSO), FSA recipient dataset, 2011.

The share of FSA recipients who participated to a training programme at any time is 8 percent. For some respondents, training was provided as part of the public work programme. The duration of training varied from few days (on-the-job) to a one month-long certified training programme (organized by a training institution). For most beneficiaries, these programmes represent the only qualification ever gained. The data further suggest that 34 percent of FSA recipients would be willing to participate to training programmes. Among those who participated in public works, the share is ten percentage points higher. Overall, the number of individuals interested in training programmes is significantly higher than those interested in returning to formal education. Nearly 60 percent of young beneficiaries are willing to attend training courses, but only 11 percent would return to school.

Approximately 32 percent of beneficiaries in the age group 30-49 years old and 15 percent of those over 50 years of age would be willing to participate to training programmes.

<sup>22</sup> Figures for the 15-29 age group exclude students.

The main reasons for not wishing to return to school or participate in a training programme is age (Tables 5 and 6).

**Table 5.** Main reasons for not returning to school (%)

	Total	Sex		Age group			Settlement	
		Men	Women	15-29	30-49	50-64	Urban	Non urban
Has to earn a living	19.1	21.9	16.6	22.9	24.3	10.3	19.1	19.0
Too old	48.0	48.6	47.5	2.0	40.1	80.4	49.2	45.8
Education is inadequate and does not help to find a job	1.4	1.9	0.9	1.2	2.1	0.6	1.4	1.3
School is too far	0.2	0.3	0.1	0.0	0.4	0.0	0.2	0.2
Education is too expensive	17.1	17.7	16.6	50.2	17.3	1.2	16.4	18.5
Care of children or other family member	7.0	0.9	12.4	15.8	8.3	1.2	7.0	7.0
Other reasons	7.2	8.7	5.9	7.8	7.6	6.4	6.7	8.1

Source: Republic Statistical Office (RSO), FSA recipient dataset, 2011.

Over 19 percent of FSA beneficiaries state the need to earn a living as ground for refusing to return to formal education. However, only 3 percent claim to be employed. This indicates that many FSA beneficiaries grossly misreport their real labour market status<sup>23</sup>. Around 17 percent of recipients are not available to return to formal education as it is too expensive. Interestingly, over half of young respondents consider education too expensive.

The main obstacle to participate to training programmes is age (over 50 percent of beneficiaries consider themselves too old). Approximately 20 percent of respondents deem that attending a training programme would not help them in finding a job, while 17 percent are not even aware that such possibility exists. The most worrisome finding, however, is the fact that over 44 percent of young people are unaware of training opportunities<sup>24</sup>.

<sup>23</sup> Or, alternatively, that many use 'work' as an excuse for not returning to school.

<sup>24</sup> This fact would need to be explored further in the subsequent surveys.

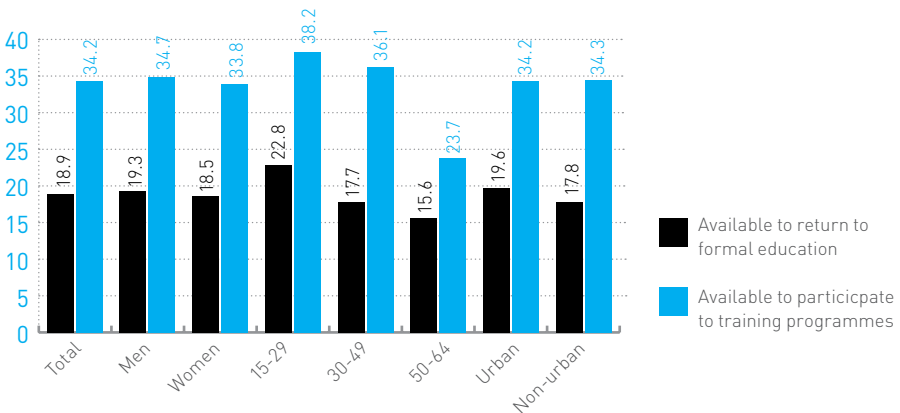
**Table 6.** Main reasons for not participating to training programmes (%)

	Total	Sex		Age group			Settlement	
		M	W	15-29	30-49	50-64	Urban	Non urban
Too old	50.5	50.2	50.7	2.7	46.3	75.2	50.7	50.1
Training not helpful for job search	19.3	20.1	18.7	27.3	22.8	12.3	19.6	18.8
Unaware of this possibility	17.4	15.8	18.8	44.0	19.0	4.5	16.5	19.1
Other reasons	12.7	13.8	11.8	26.0	11.8	8.0	13.1	12.0

Source: Republic Statistical Office (RSO), FSA recipient dataset, 2011.

When conditionality is factored in, opinions shift considerably (Figure 5). Approximately 19 percent of FSA beneficiaries would return to the formal education system and over 34 percent would participate to a training programme if refusal is conditioned to benefit reduction or termination. Young people, again, are more prone to return to education (23 percent) compared to other groups. Young people and prime age individuals are more likely to participate to a training programme, if conditionality is applied, while there are no significant difference for people living in urban and non-urban areas.

**Figure 5.** Willingness to return to education/participate to training (with conditionality), %<sup>25</sup>



Source: Republic Statistical Office (RSO), FSA recipient dataset, 2011.

<sup>25</sup> The data on return to formal education exclude students.

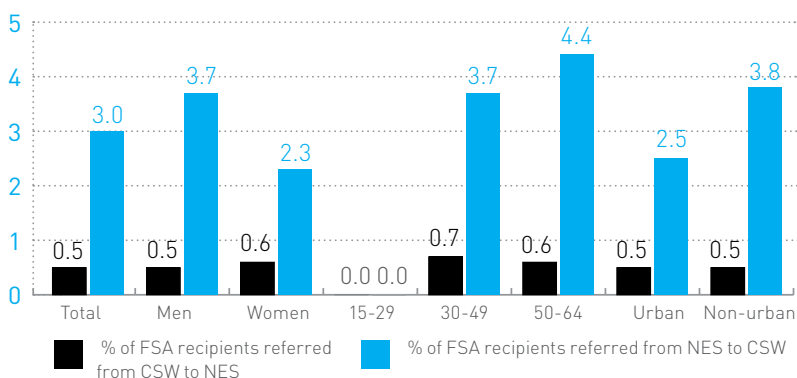
Generally, FSA beneficiaries –except to some extent the younger cohort –have little interest in returning to formal education, with cost being an important factor. When these findings are compared to the low educational achievements of FSA recipients, a significant gap emerges between what beneficiaries are willing to undertake and what they would actually need.

The solution may lie in training programmes, where the beneficiaries’ interest is higher even without conditionality. However, a significant number of FSA recipients do not believe that the participation in training programmes would lead to a job, while others are concerned about costs and the possibility to combine training activities with work.

## 5. Referrals

The level of cooperation among social assistance, employment, education and local self-government institutions is still rather limited.<sup>26</sup> Despite the clear need for enhanced cooperation, the incidence of referrals from the employment service to the social service and vice versa is low – 3 percent and 0.5 percent, respectively (Figure 6). Even when only beneficiaries registered with the employment service are taken into consideration, the results do not change significantly (0.7 percent referred from social to employment services and 3.7 percent from employment to social services). Young people are not involved in referrals as many are still in education. However, youth outside the formal education system appear to be neglected.

Figure 6. Referrals between employment and social services (%)<sup>27</sup>



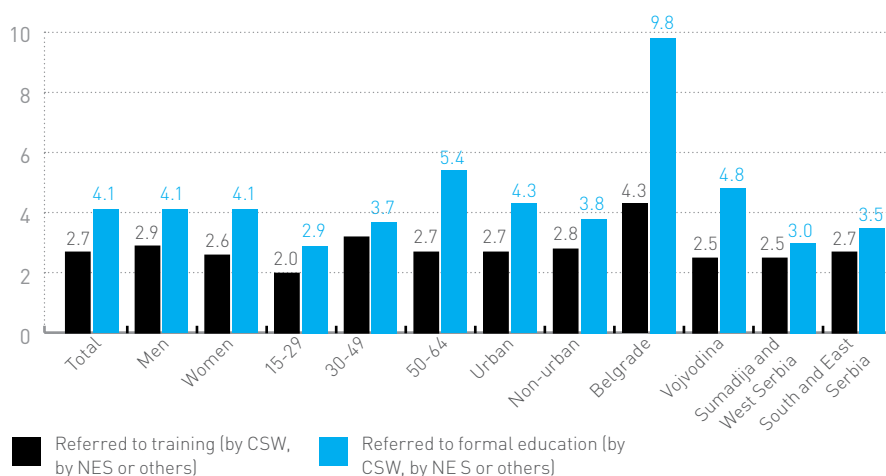
Source: Republic Statistical Office (RSO), FSA recipient dataset, 2011.

<sup>26</sup> Taylor, A., Good Practices in providing integrated employment and social services in Central and Eastern Europe. ILO, Belgrade, 2009; Veljkovic, L., Podrška zapošljavanju socijalno isključenih mladih – Smernice za razvoj integriranih usluga tržišta rada i socijalne zaštite, ILO Belgrade, 2009

<sup>27</sup> The data for 15-29 age group exclude those who are in formal education.

At the same time, the share of those referred to formal education by the CSW, NES and other institutions is 4 percent.<sup>28</sup> A relatively higher number of referred persons is older than 50, living in Belgrade or Vojvodina (Figure 7). The survey did not enquire about the timeframe of the referral. Therefore, it is possible that individuals in the older cohort (with the largest number of referrals) were referred some time ago as redundant workers after the expiry of the unemployment benefits. Interestingly, a much smaller share of FSA recipients was referred to training programmes (2.7 percent) and mostly individuals in the 30-49 age group (3.2 percent).<sup>29</sup>

**Figure 7.** Referrals to education and training (%)



Source: Republic Statistical Office (RSO), FSA recipient dataset, 2011.

Related to this is the relatively high share of FSA recipients involved in case management in the Centres for Social Work (Table A5 in the Annex).<sup>30</sup> As mentioned, FSA recipients facing only a lack of financial resources are not included in case management. Yet, nearly 30 percent of respondents claim to be included, meaning that these are individuals facing multiple problems. Hence, one would expect high shares of referral to other service providers. Instead these range between 1 and 4 percent, with young people grossly underrepresented. A possible explanation of this occurrence may be the implementation modalities used so far by CSWs. Case workers in the CSWs have yet to recognize their role in referring clients to the NES, since all those able to work are obliged to register with the NES to access FSA benefits.

<sup>28</sup> In the follow-up surveys it would be useful to ask specifically how many have been referred to schools by CSWs only.

<sup>29</sup> In absolute terms, this figure is more than double the number of the referrals for the 15-29 age group.

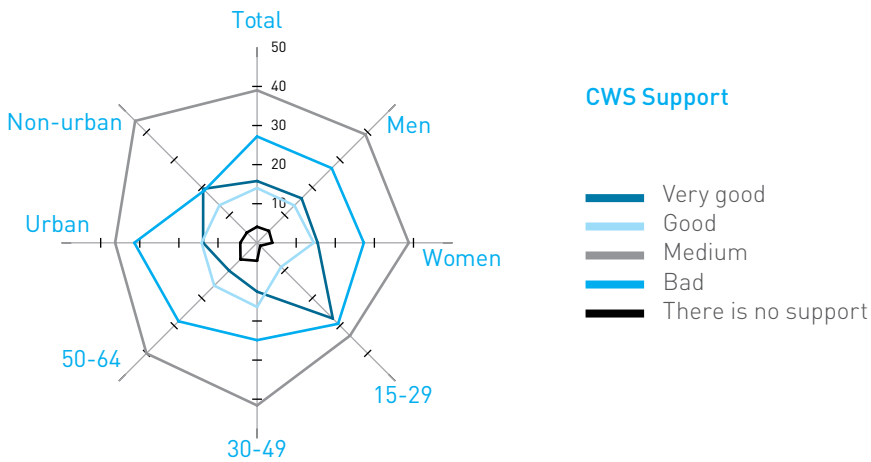
<sup>30</sup> Given its recent introduction (2008), the questions related to the involvement of recipients in case management were carefully formulated.



Also, a considerable share of FSA recipients face a number of obstacles in finding and retaining employment and the challenge is to detect those who can be targeted with activation services. However, there is no particular reason that would limit referrals to education and training programmes, aside maybe the availability of suitable programmes. Nevertheless, there is room to broaden the scope of referrals.

Not surprisingly, NES and CSW clients do not find the support provided by these institutions as adequate. More than 60 percent of FSA recipients claim to be familiar with the services provided by the two institutions.<sup>31</sup> When asked to assess the quality of support on a five-grade scale, only 18 percent of recipients find the support provided by CSWs as good or very good, and 16 percent of NES clients give the same assessment. The data also suggest that those involved in case management give a better assessment of CSW support.

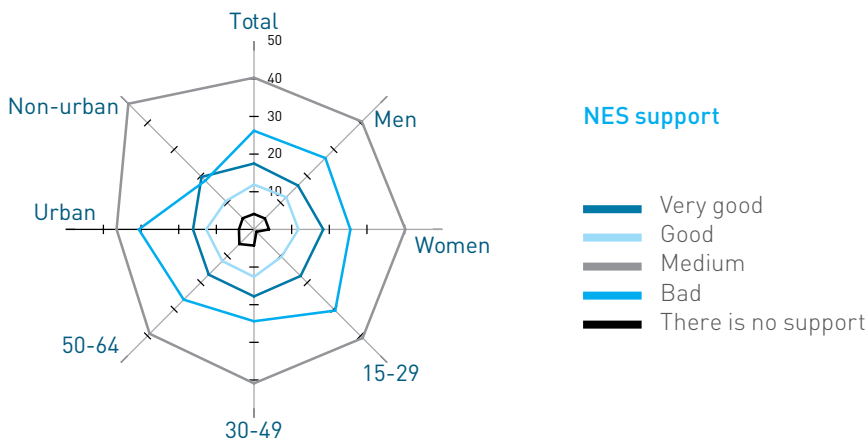
Figure 8. Subjective assessment of support received [%]



	Total	Men	Women	15-29	30-49	50-64	Urban	Non-urban
Very good	4.1	4.3	3.9	1.1	4.6	6	4.3	3.7
Good	14	13.5	14.5	8.7	16.4	15.5	14.2	13.6
Medium	39	39.2	38.8	33.6	41.6	40	36.3	44.1
Bad	27.2	27	27.3	29.3	24.9	28.4	31.4	19
There is no support	15.8	16.1	15.5	27.4	12.5	10.1	13.8	19.5

Source: Republic Statistical Office (RSO), FSA recipient dataset, 2011.

<sup>31</sup> In the case of NES, the figures exclude those who are in formal education.



	Total	Men	Women	15-29	30-49	50-64	Urban	Non-urban
Very good	4.1	4.1	4.0	0.9	4.3	5.5	4.0	4.2
Good	11.9	12.1	11.8	10.3	12.6	11.9	12.7	10.6
Medium	40.3	40.5	40.2	40.8	40.9	39.2	36.5	47.2
Bad	26.2	26.8	25.6	30.5	24.4	26.4	30.6	18.3
There is no support	17.5	16.5	18.4	17.5	17.8	17.0	16.2	19.7

Source: Republic Statistical Office (RSO), FSA recipient dataset, 2011.

The greatest number of FSA recipients (40 percent) ranks the support in the middle range of the scale (Figure 8). Around 43 percent of the recipients assess the NES and CSW support as bad or absent. A look at the perceptions of different age groups reveals that young people are more likely to find support inadequate. This may be related to the expectations young people have about the role of institutions.<sup>32</sup> The urban population is also less satisfied compared to non-urban residents.

## 6. Is activation of FSA recipients possible in Serbia?

Before attempting a response, it is necessary to define the meaning of activation. Activation involves different activities, ranging from services targeting specific problems such as alcoholism, drug abuse and family violence, to services and programmes geared to labour market re-integration. In this report, activation refers to education, training and employment services and programmes provided to individuals at risk of social exclusion and aimed at increasing their (current and future) employment prospects. Defined as such, activation cut across social assistance, education, and employment.

<sup>32</sup> This could be a topic for some future research.

The findings of the research point to the existence of an activation potential for FSA beneficiaries, possibly even higher than shown by the data, as the sample did not include all FSA recipients able to work. The findings show that the current welfare system in Serbia is passive and encourages welfare dependency. In addition, there are cases in which the FSA benefit is transmitted from one generation to the next. The financial burden this situation creates could be addressed by more active policy approaches.

The level of referrals between the institutions mandated to provide social and employment services is extraordinarily low. And while referrals of FSA recipients may not be required by the legal framework or encouraged by the system, they are certainly not prohibited. The new Law on Social Welfare broadens the opportunities for cooperation among different services. At the same time, while a significant share of FSA recipients is already included in the CSW case management approach, the development of specific forms of guidance would improve outcomes. As confirmed by the analysis, a considerable share of FSA beneficiaries face additional personal and environmental problems. Case management and greater cooperation among the relevant institutions is often indispensable to help clients deal with such problems.

Judging from the main characteristics of the surveyed population, there appears to be substantial scope to improve their educational outcomes. FSA recipients have extremely low levels of educational attainment, but are reluctant to return to formal education and hardly ever they get referred to education and training programmes. Nevertheless, many young people are willing to return to education or participate to training programme, if given the opportunity. For those unwilling to return to education/participate to a training, conditioning the benefit to participation would provide a good incentive. Hence, conditionality should be considered in the development of policy options.

On whether activation is possible in Serbia, the experience of public works – the only activation programme targeting social assistance recipients – has shown a positive impact on recipients' employment outcomes. The skills and work experience acquired during public works help individual beneficiaries increase their employment prospects and also improve their attitude towards training and the world of work. This confirms that activation of FSA recipients can yield positive results.

## 7. Groups with greatest activation potential

In terms of activation potential, the findings on the outcome of public works suggest a positive impact, but unevenly distributed. Public works activities have the strongest positive impact on prime age (30-49) and older (50-64) individuals. However, older individuals are more likely to be involved in public programmes and to be referred to other institutions for additional assistance compared to young people. The figures show that up to now, young people have been rather neglected. A relatively small number of young FSA beneficiaries participated in any kind of training outside formal education. Still, they are more willing to return to education (11 percent) or participate to training programmes (60 percent). In addition, young beneficiaries in the labour force rarely mention illness or discouragement as the reasons for not looking for a job. This points to a higher activation potential for young FSA beneficiaries compared to other groups. Hence, any discussion about activation potential and related policy options in Serbia needs to be age sensitive.

So far, the public works programme has developed a targeting approach focused on adult and older FSA recipients and it should be retained as such. For younger FSA beneficiaries two basic approaches need to be considered. First, a systematic return to school and/or training for the age group 15 to 24 years of age.<sup>33</sup> Second, subsidized employment – along the lines of the schemes designed under the aegis of the Youth Employment and Migration joint programme – and integrated service delivery approaches.<sup>34</sup> In addition, specific forms of community work need to be developed for young people. Box 4 offer possible policy options for future activation of young FSA recipients. They are in line with the measures proposed in the government's most recent strategic documents.<sup>35</sup>

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<sup>33</sup> Official statistics show that one third of the population 18-24 years old dropped-out of school Republic of Serbia, First National Report on Social Inclusion and Poverty Reduction in the Republic of Serbia The Status of Social Exclusion and Poverty Trends in the Period 2008 – 2010 and Future Priorities, op.cit, 2011.

<sup>34</sup> Under the Youth Employment and Migration joint programme, the activation subsidy is financed by the Youth Employment Fund. The amount of transfer to the client is RSD 9,360 per month (60 percent of the minimum wage, equal to the amount provided by the unemployment benefit) Transport and child care grants are also provided, according to individual needs. The training provided by a private sector enterprise is subsidized with RSD 14,000 per client/ month (for maximum 6 months), Republic of Serbia, MDG Achievement Fund, Guidelines to administer active labour market programmes targeting disadvantaged youth, Belgrade 2009

<sup>35</sup> See Republic of Serbia, First National Report on Social Inclusion and Poverty Reduction in the Republic of Serbia The Status of Social Exclusion and Poverty Trends in the Period 2008 – 2010 and Future Priorities, op cit, 2011 and Republic of Serbia, Operativni program za razvoj ljudskih resursa 2012-2013, Belgrade 2011

#### Box 4. Activation policies targeting young FSA recipients (15-29)

Activation policies targeting young people (15-29) should take into account the characteristics of the different groups within this age cohort:

- For the 15 to 24 age group, approaches need to be developed to re-integrated them into mainstreamed formal education. This in turn would improve their future employment prospects. The existing legal framework offers opportunities for inclusive and free primary and secondary level
- For individuals older than 24 years of age, the focus should be on forms of activation other than formal education (as long as modern programmes of adult learning are not fully developed and available to larger segments of the population). The findings of the research suggests that relatively more individuals would opt for labour market oriented training programmes. Ideally, the young beneficiary would gain a valid certificate for the successful completion of the training program<sup>36</sup>
- Direct activation measures targeting young household members ineligible under the FSA, but eligible to child allowance, if attending school. Around 30,000 children do not receive child allowance and for 7,000 of them this is because they do not attend school<sup>37</sup>
- Strengthen inter-sectoral and inter-institutional cooperation among CSW, NES, schools and other public service providers with regard to targeting approaches, training pathways to be made available, and the provision of professional guidance and support.

The policy options listed above would also require strengthening the capacity of relevant institutions and sufficient resources to ensure the necessary level of financial incentives. This should be perceived by policy makers as an investment for the future, rather than simply a cost.

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<sup>36</sup> The training programmes carried out under the aegis of the Youth Employment and Migration (YEM) joint programme are certified by the Regional Adult Education and Training Centres of the Ministry of Education.

<sup>37</sup> Mijatovic, B., Targetiranje decijih dodataka, Draft report for UNICEF, Belgrade 2010

## 8. Towards more inclusive policy options

Social inclusion is defined as the process that prevents people from becoming excluded and provides them with the opportunities for greater participation in the society. In other words, for social assistance recipients able to work this can be achieved by increasing their income level through better social transfers, but especially by providing opportunities for gaining decent and productive employment. But social inclusion is not about labour market integration only. It involves return to mainstreamed formal education, participation in labour market oriented training programmes and availability of other services addressing problems related to drug and alcohol abuse and domestic violence.

At policy level, activation of FSA recipients should be put at the forefront of social inclusion strategies and be accompanied by the implementation of innovative interventions grounded on the following principles:

- **Coordination** – Outcome-oriented activation approaches require the development of joint and well coordinated programmes. This requires broader cooperation and well developed referral mechanisms among all relevant institutions. Under the current operational settings, referrals between the CSWs and the NES local offices are limited as they are neither required nor encouraged by the system. With regard future partnership between social and employment services, priority should be given to build on the lessons learned from past experiences, including the partnership agreements and referral mechanisms piloted under the public works schemes and the Youth Employment and Migration joint programme. Relationships with education institutions need to be developed with the purpose of re-integrating early school leavers and dropouts into mainstreamed education and training processes.<sup>38</sup>
- **Prioritization** – Given the worsening socio-economic conditions driven by the global economic crisis, and the inactivity levels of FSA recipients, activation approaches need to be prioritized in line with public expenditure constraints and the potential for activation among the different beneficiary groups.<sup>39</sup>
- **Age sensitivity** – Policy interventions need to be carefully designed to effectively address the needs of different age groups. Evidence shows that older FSA recipients are more likely to accept work, also at lower salary levels, to ensure the minimum pension benefits, while younger recipients would more often be willing to return to formal education or to participate to training programmes.

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<sup>38</sup> Only 15 percent of secondary schools deliver reformed education programmes aligned to the requirements of the Serbian labour market.

<sup>39</sup> For an analysis of the impact of the global economic crisis on poverty and employment in Serbia, see Matkovic, G., Mijatovic, B., and Petrovic, M., Impact of the financial crisis on labour market and living condition outcomes in Serbia, Center for Liberal-Democratic Studies, Belgrade 2010.

- **Monitoring and evaluation** – Activation interventions need to be continuously monitored and rigorously evaluated to inform public policy development. As the newly adopted Law on Social Welfare introduces a number of changes in the level of benefits and eligibility criteria, Table 7 below offers an initial baseline for tracking the performance of the new provisions.

<b>Table 7. Selected indicators to monitor activation processes</b>	<b>Baseline value (%) 2011</b>
Percentage of FSA recipients employed at the time of the survey, of which	3.0
<i>In formal employment</i>	44.0
<i>In informal employment</i>	56.0
Percentage of FSA recipients who participated in public works	4.7
Percentage of FSA recipients employed after the completion of the public work	6.8
Percentage of FSA recipients who participated in other active labour market programmes (ALMP)	...
Percentage of FSA recipients employed after the participation in other ALMPs	...
Percentage of FSA recipients registered with NES	76.5
Percentage of FSA recipients looking for a job in the 4 weeks preceding the survey	41.0
Percentage of FSA recipients who would return to school	3.0
Percentage of young (15-29) recipients who would return to school	10.6
Percentage of FSA recipients who would participate in a training programme	34.0
Percentage of young recipients (15-29) who would participate in a training programme	60.0
Percentage of FSA recipients referred from NES to CSW	3.7
Percentage of FSA recipients referred from CSW to NES	0.7
Percentage of FSA recipients referred by NES/CSW/others to formal education	4.0
Percentage of FSA recipients referred to formal education by CSWs only	....
Percentage of young recipients (15-29) referred by NES/CSW/others to formal education	2.9
Percentage of young recipients (15-29) referred to formal education by CSWs only	...
Percentage of FSA recipients referred by NES/CSW/others to training programmes	2.7
Percentage of FSA recipients referred to training programmes by NES only	...
Percentage of young recipients (15-29) referred by NES/CSW/others to training programmes	2.0
Percentage of young recipients (15-29) referred to training programs by NES only	...



Based on the evidence presented, the development of implementing regulations to operationalize activation mechanisms in Serbia would need to take the following recommendations into consideration:

- **Provide adequate activation incentives:** Setting the “right” level of financial incentives for both potential employers and FSA clients is of the essence. On the one hand, incentives to provide training and/or employment opportunities needs to compensate employers for the lower productivity of workers with no skills or prior work experience.<sup>40</sup> On the other, compensation levels for welfare clients need to be interesting enough to shift individual choices towards training and employment opportunities, rather than the social benefit. At the same time, individual compensation levels should not be higher than the wage level the same individual would get in the open labour market, so as not to make programme participation more attractive than unsubsidized work. For participation to training programmes, compensation levels needs to be benchmarked to the statutory minimum wage (50-60 percent of the minimum wage) or to the official poverty line.<sup>41</sup> In this way the overall amount received by a FSA beneficiary during a training programme (which include also the FSA benefit) would fall in the range of the income needed to cover basic needs per equivalent adult.<sup>42</sup> The minimum amount, in any case, should not be below the level of FSA set for a single-member household.<sup>43</sup>
- **Include FSA recipients in case management approaches.** The exclusion from case management of regular FSA recipients, e.g. those who face financial deprivation only, needs to be reconsidered. To ensure their social inclusion, many FSA recipients would need guidance from social service and employment case workers. However – given the resource constraints currently faced by the CSWs and NES offices – case management of FSA recipients could initially be limited to specific groups, such as youth 15 to 29 years old. Ideally, attention should be placed on those 7-10 percent of recipients that are ready for activation. This would require a new, more qualitative level of cooperation between the CSW and the NES, with more extensive involvement of case workers on both sides.<sup>44</sup>

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<sup>40</sup> Under the YEM joint programme training grants and employment subsidies were set on the basis of existing practices for similar active labour market programmes.

<sup>41</sup> In the first quarter of 2011, the poverty line was set at RSD 9,406 per adult equivalent.

<sup>42</sup> The overall benefit need also to be set at a level comparable to the transfers provided by other training programmes administered by the NES.

<sup>43</sup> The findings of the research show that for most FSA recipients the wage set for public works (minimum wage) represented a good enough incentive to work.

<sup>44</sup> For example, it would be expected that the CSW communicates all important/sensitive information about the clients to the NES and participates in planning of individual pathways for shared clients. Some joint forms of work are already present in this sense, for instance for young people leaving welfare institutions.

- **Give CSWs caseworkers the responsibility to identify those who are able and willing to work.** CSW case workers should invest additional efforts in selecting those clients with more activation potential for referral to other institutions. The new referral mechanism – currently being piloted – needs to be scaled up. Also, the CSWs should establish communication and information modalities with the NES offices to obtain timely and reliable information on the activity status of their clients. This is of particular importance for the introduction of sanctioning mechanisms for those who fail to comply with the activation requirements.
- **Determine sanctioning mechanisms for clients able to work, but refusing activation services.** The findings of the research show that FSA recipients become willing to return to education or training, if failure to do so results in benefit reduction or termination. This indicates that the introduction of different forms of sanctioning for those refusing to participate to activation services with no acceptable grounds would serve as an incentive to shift from social assistance to work.
- **Develop partnerships with education institutions to encourage the return of benefit recipients to formal education.** For some benefit recipients, educational attainment at primary and secondary level matters the most in escaping welfare dependency. Since 11 percent of young FSA recipients are willing to return to school, they should be re-introduced into mainstreamed formal education, since early school leaving and dropout is the best predictor of poor labour market outcomes.
- **Involve other institutions and community-based organizations to provide mentoring and coaching services to FSA clients with activation potential.** Since more than 90 percent of FSA recipients are not searching for a job due illness and discouragement, there is a need to develop new forms of client-centred approaches. This requires building the capacity of case workers to provide individualized mentoring and coaching services, on the one hand, and outsourcing certain forms of “social mentoring” and “motivational training” to community based organizations.<sup>45</sup>

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<sup>45</sup>A good example of this kind of approach is the Roma literacy project funded by the municipality of Belgrade, where students deliver literacy classes and receive volunteer level wages.



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## STATISTICAL ANNEX<sup>46</sup>

Figure A1. Percentage of FSA recipients whose family of origin was benefit recipient, %

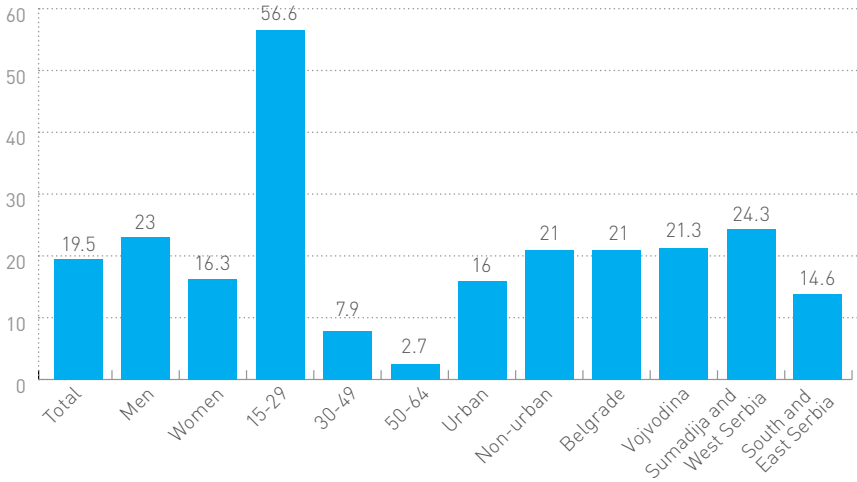


Table A1. Level of needs covered by FSA, %

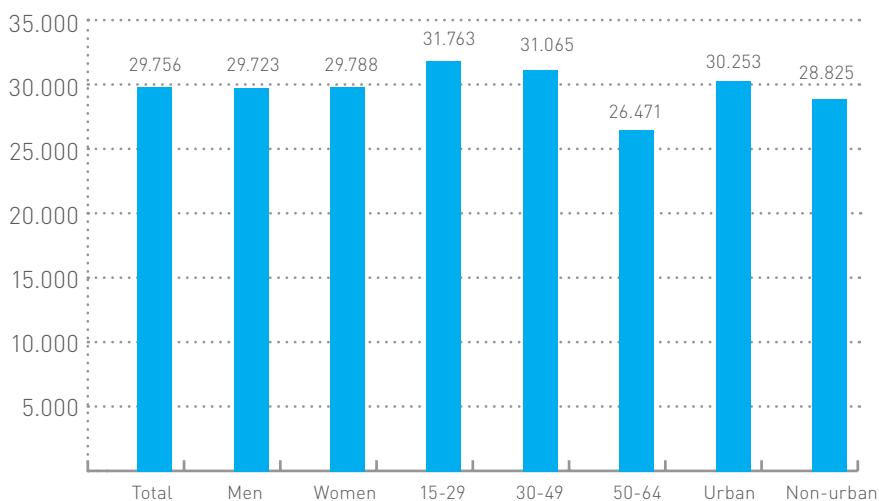
	Total	Age groups			Type of settlement	
		15-29	30-49	50-64	Urban	Non-urban
Less than third	82.3	90.0	83.6	73.9	84.7	77.8
One third to one half	14.3	6.8	14.3	20.8	11.7	19.4
More than a half	1.7	0.4	1.3	3.3	1.8	1.4
Fully	0.1	0.0	0.0	0.2	0.1	0.0
Do not know	1.6	2.8	0.8	1.7	1.7	1.4

<sup>46</sup> The figures of this Annex derive from the Republic Statistical Office (RSO), FSA recipient dataset, 2011.

Table A2. Level of needs covered by own production, %

	Total	Age groups			Type of settlement	
		15-29	30-49	50-64	Urban	Non-urban
Less than third	82.1	90.7	88.0	66.3	72.6	89.2
One third to one half	14.3	6.7	11.2	25.5	20.9	9.5
More than a half	3.5	2.5	0.8	8.2	6.5	1.3

Figure 2A. Perception about the amount of money needed to cover the basic family needs (RSD)



**Table A3.** Labour market status of FSA beneficiaries

	Total	Sex		Age groups			Type of settlement	
		Men	Women	15-29	30-49	50-64	Urban	Non-urban
% beneficiaries with prior work experience	51.8	60.8	43.8	17.2	58.7	72.9	49.2	56.7
Average years at work	11.8	13.0	10.3	2.0	7.8	18.1	12.5	10.7
% of beneficiaries looking for a job	40.8	46.5	35.3	52.3	41.4	33.8	43.6	35.8

**Table A4.** Reasons to visit NES offices, %

	Total	Sex		Age groups			Type of settlement	
		Men	Women	15-29	30-49	50-64	Urban	Non-urban
Compliance with formal obligation	67.0	64.7	69.0	60.5	67.0	70.5	70.4	61.0
Consultations on individual employment plan	6.3	6.9	5.7	2.6	5.7	9.1	5.6	7.5
Consultations for ALMP participation	0.9	1.3	0.6	2.2	0.8	0.5	0.7	1.3
Information on job vacancies	7.3	8.8	5.9	11.7	7.8	4.2	8.1	5.9
Additional support and advice	1.8	1.8	1.8	2.6	2.3	0.7	2.5	0.6
Other	16.7	16.4	17.0	20.5	16.5	15.1	12.8	23.7

Table A5. Beneficiaries in case management (CSW %)

	All	Age group		
		15-29	30-49	50-64
Has a case manager	28.9	15.4	35.7	31.4
Has a social worker in charge of his/her case	12.3	6.8	14.4	14.3
No case manger or social worker	43	57.4	37	38.5
Does not know	15.9	20.5	12.9	15.8









