



**Center for Economic
and Social Rights**



**INITIATIVE FOR
ECONOMIC AND
SOCIAL RIGHTS**

**Joint Submission to the Committee on Economic, Social and
Cultural Rights on the occasion of the review of Serbia's third
periodic report at the 71st Session, February 2022**

Submitted by

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A 11 – Initiative for Economic and Social Rights

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Introduction

1. This submission, prepared by the Center for Economic and Social Rights and the A 11 – Initiative for Economic and Social Rights presents main concerns and challenges in the implementation of the International Covenant on Economic, Social and Cultural Rights in Serbia. The submission is prepared on the occasion of Serbia’s review before the United Nations Committee on Economic, Social and Cultural Rights at its 71st Session in February 2022. This report brings more details to issues addressed or omitted from the State party’s report from June 2021 and seeks to provide responses to questions from the List of Issues Committee adopted at its Pre-sessional Working Group in November 2019.

2. The report provides details about the State party’s **obligation under Article 2(1)** of the International Covenant on Economic, Social and Cultural Rights to take steps to the maximum of its available resources with an aim to achieve progressive realization of all rights recognized in the Covenant. Furthermore, the report will explore the introduction of austerity measures and its impact on the realization of economic and social rights in Serbia, which was followed by the COVID-19 pandemic. Similar to austerity measures, the adoption of the COVID-19 recovery plan failed to take into account the rights of the most vulnerable population and Serbia failed to use the existing fiscal space for progressive realization of economic, social and cultural rights. This will be illustrated mostly in relation to the right to social security (Article 9) and the right to an adequate standard of living (Article 11).

3. This report is divided into five sections. After the introduction, the general framework for the protection and promotion of economic, social and cultural rights is presented. This section is followed by the section on the right to social security and the rights to an adequate standard of living, and a brief overview of the COVID-19 recovery measures and their impact on the enjoyment of economic, social and cultural rights. In the final section, the report

concludes with a list of recommendations for the improvement of the enjoyment of economic, social, and cultural rights in Serbia.

General Framework for the Protection and Promotion of Economic, Social and Cultural Rights

4. In 2014 Serbia adopted a set of austerity measures as a result of the budget deficit and economic crisis. Some of the crucial changes concerned both the reduction of budget expenditures earmarked for the realization of economic and social rights and the increase in tax rates.¹ Although there is a clear margin of appreciation within which the State parties set their national policies in times of severe resource constraints caused by adjustments or economic recession, according to the Committee these policies must be: 1) temporary; 2) necessary and proportionate; 3) the policy must not be discriminatory and must comprise all possible measures to support social transfers to mitigate inequalities that can grow in times of crisis; 4) the policy must identify the minimum core content of individual rights.² Serbia failed to meet these criteria when introducing austerity measures.

5. Since the dissolution of the Socialist Federal Republic of Yugoslavia, the Republic of Serbia is considered as a country undergoing transition, and the economic system of Serbia is based on a market economy.³ The Constitution of the Republic of Serbia does not directly stipulate the obligation of the State to progressively realize economic, social, and cultural rights. However, Article 18 of the Constitution stipulates that human and minority rights guaranteed by the generally accepted rules of international law and ratified international treaties and law are directly implemented. Furthermore, the same article prescribes that human and minority rights should be interpreted “pursuant to [...] the practice of international institutions which supervise their implementation”.⁴

Introduction of Austerity Measures in 2014

6. Since 2014, Serbia has introduced austerity measures with a disproportionate effect on the most vulnerable population. These measures were introduced without proper consultations or participation of the most affected groups, without clear and functional social protection or a poverty reduction public policy. These measures included the introduction of the higher value-added tax, through the amendments to the Law on Value Added Tax,⁵ amendments to the Law on Property Tax⁶, which, *inter alia*, taxed social housing. Another important feature of the introduced austerity measures was the reduction of pensions for a large number of pensioners in Serbia. The pension reduction was introduced by the Law on Temporary Regulation of the Method of Payment of Pensions.⁷ Finally, in August 2015, Serbia adopted the Law on the Method of Determining the Maximum Number of Employees in the Public Sector.⁸ This last piece of legislation resulted in major redundancies in the public sector,

¹ A 11 – Initiative for Economic and Social Rights, Second Class Rights, Social Rights in the Light of Austerity Measures, p. 6, online, available at: https://www.a11initiative.org/wp-content/uploads/2020/06/Second-Class-Rights_Social-Rights-in-the-Light-of-Austerity-Measures-SERBIA-2012-%E2%80%93-2020.pdf

² Letter by the Chairperson of the Committee on Economic, Social and Cultural Rights, 16 May 2012

³ Constitution of The Republic of Serbia, “Official Gazette of the RS” no. 98/2006, Art. 82.

⁴ Art. 18 (3) of the Constitution, “Official Gazette of the RS” no. 98/2006.

⁵ Official Gazette of the RS, no. 93/2012.

⁶ Official Gazette of the RS, no. 47/2013.

⁷ Official Gazette of the RS, nos. 116/2014 and 99/2016.

⁸ Official Gazette of the RS, no. 68/2015, 81/2016 – Decision CC RS and 95/2018.

affecting at least 37,900 employers in indefinite employment status⁹, as reported by the Ministry of Public Administration and Local Self-Government. The introduction of the redundancies in the public sector was neither followed by a human rights impact assessment nor by an *ex-ante* gender impact assessment. Because of that, this legislation had a disproportionately negative impact on women,¹⁰ since women are the majority of employees in the public sector. For example, according to the 2017 data from the Statistical Office of the Republic of Serbia, there are almost 80% of women employed in social welfare centers, more than 70% in education, and approximately 70% in the judiciary.¹¹

7. After the introduction of the austerity measures, the State party **failed to prioritize the most vulnerable population**, and even with the purported resource constraints, the State prioritized other areas. Even though there was a significant fiscal space (around 50 billion RSD), in 2019, the State failed to introduce rights realizing measures and even implemented regressive measures, such as the increase of expenditures for military purposes (more than 10 billion RSD), one-off additional payment for all pensioners (around 9 billion RSD).¹² For example, even in the last adopted Law on the Budget for 2022, the increase of salaries in the general public sector is 7%, while the increase for the military is 8%.

8. **Budget revenues** in Serbia are mainly collected from regressive taxes, thus disproportionately affecting low-income households. Although the Serbian Constitution prescribes in Art. 91 that “Obligation of paying taxes and other dues shall be general and based on economic power of taxpayers”, this provision is not operationalized in Serbian legislation and most of the revenues are regressive in their nature.

9. Serbia collects more than 40% of budget revenues from taxes on production and imports - VAT, excise tax, and duties. These revenues are mostly regressive in their nature, which has a higher effect on poorer households. Furthermore, taxes on production and imports represent around 33% of revenues on average in the EU, significantly less than in Serbia. Additionally, Serbia is failing to implement progressive taxes and to mobilize maximum available resources, as is the case with the inheritance tax, which is set at one of the lowest rates in Europe. In comparison, flat inheritance tax rates in OECD countries range from 4% to 40%.¹³

General State revenues ¹⁴	Percentage in the overall budget
Personal income tax	9%
Income tax	5%
Value-added tax	25%
Excise taxes	14%
Duties	2%
Other tax revenues	3%

⁹ For the period from the end of 2013 until the end of 2016. Please note that this Law was in force until the end of 2019.

¹⁰ FemPlatz, A 11 – Initiative for Economic and Social Rights, The impact of economic reform policies on women’s human rights, Submission to the Independent expert on foreign debt and human rights Mr. Juan Pablo Bohoslavsky, online, available at: <https://www.a11initiative.org/wp-content/uploads/2018/09/report-femplatzA11.pdf>

¹¹ Statistical Office of the Republic of Serbia, Women and men in the Republic of Serbia, Belgrade, 2017, online, available at: <https://publikacije.stat.gov.rs/G2017/Pdf/G20176008.pdf>

¹² This was linear, one-off payment for all pensioners, both those receiving highest pension in the country, and those receiving the pensions that are below the national average. Because of that, this payment exacerbated and deepened income inequalities in this population group, and failed to take into account specific vulnerabilities of pensioners receiving pensions below the national average.

¹³ OECD (2021), Inheritance Taxation in OECD Countries, OECD Tax Policy Studies, No. 28, OECD Publishing, Paris, <https://doi.org/10.1787/e2879a7d-en>

¹⁴ Average in the period 2012 -2020. for more information, please see, Ministry of Finance Bulletin, online, available at: <https://www.mfin.gov.rs/aktivnosti/bilten-javnih-finansija-za-mesec-oktobar-2021>

Social contributions	30%
Non-tax revenues	12%
TOTAL	100%

Table 1: Share of different taxes in State revenues. *This breakdown shows that Serbia has a high share of more regressive taxes in its tax mix compared to other countries, while progressive taxes like income tax are under-utilized.*

10. Additionally, in 2021, Serbia amended the Individual Income Tax Law¹⁵ and abolished the taxation by annual personal income tax for taxpayers under 40 years of age. Although this provision of the Individual Income Tax Law does not have a significant fiscal effect, the solution is unjustified and highly regressive, especially when compared to other population groups, such as refugees, internally displaced persons, and beneficiaries of social housing. This measure adds to the pre-existing regressivity of the income tax rates/system in Serbia, where rates are comparatively flat. The corporate income tax is also much lower than in other comparable countries. This is a clear example of where the State could be doing more to maximize available resources for rights realization.

11. Austerity measures also have a spillover on the quality of access to other economic and social rights, including the affordability of social housing. The state's attempt to raise revenue through the introduction of regressive property taxes has further jeopardized access to the right to housing to the poor and vulnerable communities, as flagged by UNSR. As part of austerity measures adopted in 2014, State introduced taxation on social housing, affecting all social housing beneficiaries with a lease agreement longer than one year. Under the amendments of the Law on Property Tax, social housing tax was introduced also for refugees and internally displaced persons. As imposed on particularly vulnerable populations, due to their vulnerability and housing deprivation, this provision of the Law on Property Tax was highly contested by a number of CSOs.¹⁶ The introduction of the 'poverty tax' also affects the affordability of social housing, and housing provided for refugees and internally displaced population.¹⁷ Even during the last visit of the United Nations Special Rapporteur on the right to adequate housing, this issue was raised, and the Special Rapporteur recommended the State to abolish this tax.¹⁸ However, no progress was made in that regard.

12. The state's judicial system also failed to resolve the disputed constitutionality of the law, leaving refugees, displaced population and beneficiaries of social housing in vulnerable housing conditions for an extended period of time. In May 2015, an initiative for a review of the constitutionality of this provision was submitted to the Constitutional Court of Serbia, but almost seven years since the initiative was submitted, this case is still pending at the Court.

13. Corruption and mismanagement of public funds are additional examples of how the State failed to fulfill its duty to mobilize maximum available resources for the realization of economic, and cultural rights, as will be detailed in the following sections. For example, only in 2020, Serbia paid 23.2 billion RSD (approximately 200 million EUR) for fines and financial

¹⁵ Official Gazette of the RS, nos. 24/2001, 80/2002, 80/2002, 135/2004, 62/2006, 65/2006, 31/2009, 44/2009, 18/2010, 50/2011, 91/2011, 93/2012, 114/2012, 47/2013, 48/2013, 108/2013, 57/2014, 68/2014, 112/2015, 113/2017, 95/2018, 86/2019, 153/2020, 44/2021 and 118/2021.

¹⁶ Lawyers' Committee for Human Rights – YUCOM, <http://www.yucom.org.rs/podneta-inicijativa-za-ocenu-ustavnosti-odredbe-zakona-o-porezi-ma-na-imovinu-koji-uvodi-porez-na-siromastvo/>

¹⁷ United Nations Committee on Economic, Social and Cultural Rights, Sixth Session (1991), General Comment No. 4: Right to Adequate Housing (Article 11, paragraph 1 of the Covenant), paragraph 8c

¹⁸ United Nations Special Rapporteur on the right to adequate housing, Report on Missions to Serbia and Kosovo, 26 February 2016, UN doc. No. A/HRC/31/54/Add.2, paragraphs 33–37, 100(c).

penalties.¹⁹ In the last ten years for this purpose, Serbia spent over 119.7 billion RSD (approximately 1 billion EUR).

Year	Funds earmarked for fines and financial penalties RSD	Funds earmarked for fines and financial penalties EUR
2020	23.2 billion	200 million
2021	18 billion	153 million
2022	33.2 billion	282 million

Table 2: Fines and financial penalties in Serbian budget 2020 – 2022

14. There are different reasons for these fines and financial penalties, related to the avoidable mismanagement of funds.²⁰ Serbia pays fines and damages in a number of repetitive individual court cases, such as the ones dealing with the right to a trial within the reasonable time, 70000 cases of unpaid per diems for members of the military reserve during the conflicts,²¹ cases of miscalculated kindergarten costs at the local level²², etc. Instead of allocating these resources to fines resulting from mismanagement or arbitration, these resources should've been allocated and spent on the realization of economic and social rights, and increasing public expenditure on social protection, social housing, investments in the healthcare system, and support for adequate housing for Roma living in more than 700 informal settlements without electricity, water and sanitation, and access to basic services.²³

15. **Another example of mismanagement of public funds is the state's failure to spend allocated resources, collected through loan agreements on the designated realization of economic and social rights.** This affects further investments in sectors relevant for the enjoyment of economic, social, and cultural rights and further exacerbates deprivations of these rights. For example, loans and donor funds aimed at the improvement of economic and social rights are not spent efficiently, or not spent at all. Funds for the investments in the University Children's Hospital 'Tiršova' were provided by the Council of Europe Development Bank already in 2018²⁴, but the preparatory activities and the execution of the loan started only in September 2021. Other parts of the Government also failed to mobilize already allocated funds, particularly those funds coming from international donor's assistance. Between 2016 - 2020, on average, MoLEVSA managed to mobilize only 31% of EU IPA approved funds. In 2016, this Ministry spent only 1% of the approved EU IPA funds, in 2018, executed funds amounted to 7% of the approved budget, whereas in 2020 it is reported to be at the level of 44% of the approved budget.

¹⁹ Fiscal Council of the Republic of Serbia.

²⁰ Fiscal Council of the Republic of Serbia, Evaluation of the Law on the Budget of the Republic of Serbia for 2022, pp. 38-19.

²¹ For more information please see: European Court of Human Rights, Grand Chamber, Judgement, Applications nos. 17153/11, 17157/11, 17160/11, 17163/11, 17168/11, 17173/11, 17178/11, 17181/11, 17182/11, 17186/11, 17343/11, 17344/11, 17362/11, 17364/11, 17367/11, 17370/11, 17372/11, 17377/11, 17380/11, 17382/11, 17386/11, 17421/11, 17424/11, 17428/11, 17431/11, 17435/11, 17438/11, 17439/11, 17440/11 and 17443/11, 25 March 2014.

²² For example, City of Belgrade paid 35 million EUR of damages to parents of children whose kindergarten costs were miscalculated.

²³ Social Inclusion and Poverty Reduction Unit of the Government of the Republic of Serbia, United Nations Human Rights Team, Mapping of Substandard Roma Settlements According to Risks and Access to Rights in the Republic Of Serbia with Particular Attention to the COVID-19 Epidemic, online, available at: <http://socijalnoukljucivanje.gov.rs/en/mapping-of-substandard-roma-settlements-according-to-risks-and-access-to-rights-in-the-republic-of-serbia-with-particular-attention-to-the-covid-19-epidemic-published/>

²⁴ CEB extends €200 million loan to Serbia for health infrastructure, online, available at: <https://coebank.org/en/news-and-publications/news/ceb-extends-200-million-loan-serbia-health-infrastructure/>

Declining public investments in economic and social rights

16. **Another important illustration of the lack of resource mobilization for progressive realization of economic, social, and cultural rights is related to public investments in the areas of healthcare and education.** Public expenditures for the Ministry of Education decreased since 2014, and the share of the budget for this Ministry went from 4.74% of GDP to 4.08% in 2020. When it comes to supporting students and university students in their education, the 'student standard' budget program earmarks the funds for students' stipends, dormitories, subsidies for food, student resorts, etc. Funds for this purpose also declined, from 0.09% of the budget to 0.06% of the budget for high school students, and from 0.20% of the budget to 0.14% of the budget for university students, disproportionately impacting students from low-income backgrounds.

% of GDP	Ministry of Education (total)	Students' standard (High school)	Students' standard (University)
2013	4.74%	0.09%	0.20%
2014	4.69%	0.10%	0.20%
2015	4.33%	0.09%	0.19%
2016	4.17%	0.09%	0.18%
2017	4.11%	0.09%	0.17%
2018	4.20%	0.08%	0.16%
2019	4.11%	0.08%	0.16%
2020	4.08%	0.06%	0.14%

Table 3: % of GDP spent on education and students' standard, 2013 - 2020

17. **There are warning signs about regression of public spending on the right to health. Capital investment in the health sector was much lower than in other Central and East European countries for decades, and the Serbian public healthcare system is lagging behind comparable countries.** According to an analysis of the Fiscal council in 2018, in order to catch up with CEE countries, Serbia needs to invest annually more than 0.5% of GDP. While there has been an increase in investment, this level hadn't been achieved before the pandemic. Furthermore, in the budget for 2022 the expenditure for health care sector capital investments declined again.²⁵ This low level of spending on health has significant implications for the enjoyment of the right to health in Serbia, particularly for low-income and marginalized groups.

18. **Weak legislative measures to guarantee transparency and safeguard against corruption also contribute to further limiting the State's capacity to mobilize, allocate, and spend resources for the realizations of economic and social rights.** The Serbian Budget Law significantly **lacks transparency**, even in the allocation of funds for different purposes. As reported in Serbia Progress Report, "Although the budget is structured by programs, the link between the government program and sector strategies and operational plans of budget beneficiaries is still weak".²⁶ This affects the transparency of the budgetary process, presents a challenge for controlling the spending and affects the maximization of the resources for different sectors relevant for the enjoyment of economic, social and cultural rights. In the

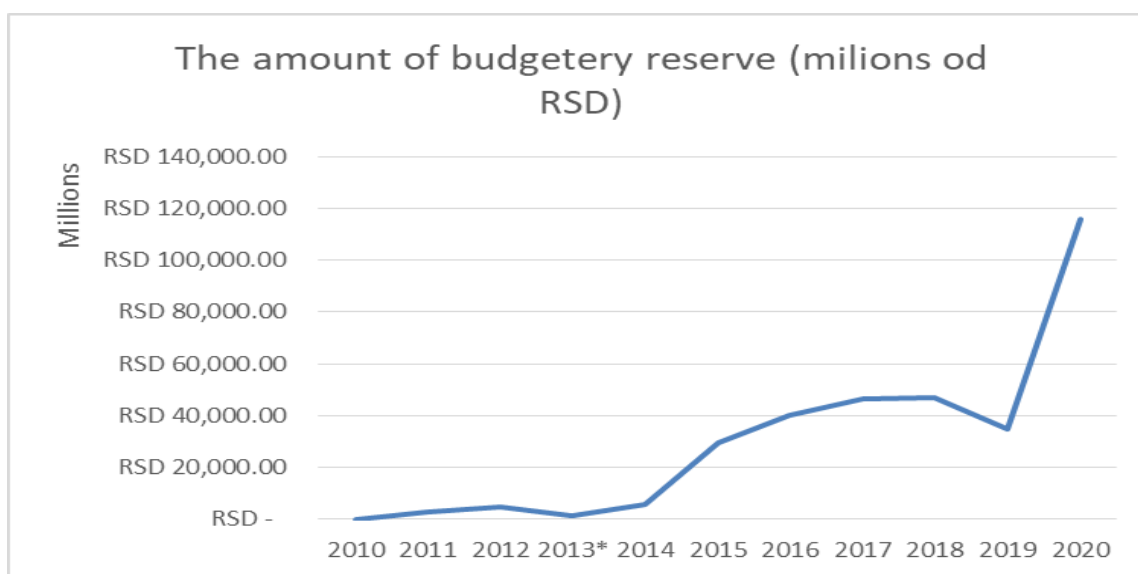
²⁵Fiscal Council of the Republic of Serbia, EFFECT OF HEALTH CRISIS ON FISCAL AND ECONOMIC DEVELOPMENTS IN 2020 AND RECOMMENDATIONS FOR FISCAL POLICY IN 2021, p. 16, online, available at:

[FS Efekat zdravstvene krize na fiskalna i ekonomska kretanja u 2020 +preporuke za 2021.pdf \(fiskalnisanet.rs\)](https://fiskalnisanet.rs/).

²⁶ European Commission Report, Serbia 2019 Report, p. 10, online, available at: <https://ec.europa.eu/neighbourhood-enlargement/system/files/2019-05/20190529-serbia-report.pdf>

period 2017 - 2019, even the parliamentary discussion about the proposed budget was curtailed and distorted by procedural maneuvers from the ruling party.

19. In its Assessment of the Budget for 2022, the Fiscal Council of the Republic of Serbia found that the “recurrent issue is the lack of transparency pertaining, first of all, to the expenditures of the Public Investment Management Office, certain parts of subsidies, net budget loans, and the security sector”.²⁷ The Fiscal Council further noted that it is impossible to determine the real purpose of spending of about 1.3 billion EUR, with two-thirds of the funds allocated for the Ministry of Defence.²⁸ Furthermore, it is important to note that the Government has the authority to change the appropriation of the funds without the Parliamentary approval in two situations: then there is an emergency situation (natural disasters, pandemics, etc.), and in cases when the collection of State revenues is not in line with the planned dynamics. The above-mentioned changes of appropriations are not directly affecting overall State spending, but the procedure can be used as a **discretionary right** of the Government, without sufficient control and transparency of the spending.



Graph 1: The amount of budgetary reserve, 2010 - 2020

20. Resources allocated to economic and social rights and the COVID-19 recovery efforts are frequently not spent as planned, resulting in a misleading picture about the state’s investment in these areas. As the amount of **budgetary reserve** increases over time (from 2 billion RSD in 2010, increased to 47 billion RSD in 2018, and in 2020 hit the record high 116 billion RSD). The Government introduced a well-established practice to allocate more funds for certain programs, which are later redistributed to other purposes, originally not mentioned in the budget. The most extreme example happened in 2016 when 1.7 billion RSD allocated for social assistance were transferred to other purposes. These purposes are not always clear, and most of the funds are allocated for the Ministry of Defence and Serbian Armed Forces. In 2018, the Government transferred 22 billion RSD allocated for other purposes to the Ministry of Defence, and the Decision about this reallocation was declared as

²⁷ Fiscal Council of the Republic of Serbia, Assessment of the Budget for 2022, p. 2, online, available at: http://fiskalnisavet.rs/doc/ocene-i-misljenja/2021/FC_Summary_Assessment_of_the_budget_for_2022.pdf

²⁸ Fiscal Council of the Republic of Serbia, Assessment of the Supplement Budget for 2022, p. 2, online, available at: [FS-Ocena_Predloga_rebalansa_budzeta_Republike_za_2021_preporuke_za_budzet_2022.pdf \(fiskalnisavet.rs\)](http://fiskalnisavet.rs/doc/ocene-i-misljenja/2021/FC_Summary_Assessment_of_the_budget_for_2022.pdf)

‘State secret’, in accordance with Data Secrecy Law.²⁹ In 2021, at least 11 billion RSD earmarked for COVID-19 recovery funds were transferred to other purposes, mostly to the Serbian Orthodox Church³⁰, local self-governments’ funds, public enterprises³¹, and other purposes, such as constructions of concert halls³², bonuses for staff members of the Ministry of Interior.³³ Finally, in the period 2002 – 2018, Bills on Final Accounts were regularly not adopted by the Parliament.

The right to social security and adequate standards of living

21. According to the latest data, around 6.8% (470,000 individuals) of the population in Serbia live in absolute poverty and cannot meet their basic needs – 6.9% of citizens of the Republic of Serbia consume less than RSD 12,695 (approximately EUR 100) monthly per consumer unit.³⁴ Poverty is much more prevalent in rural than in urban areas and among those with low education levels, who are outside the labor market, or with six or more household members. Nevertheless, the Law on Social Protection³⁵ and the Law on Financial Support to Families with Children³⁶, stipulate welfare family caps. Art. 88 of the Law on Social Protection prescribes that families with more than six members cannot be provided with social benefits for more than six members, whereas the Law on Financial Assistance to Families with Children prescribes similar limitations when regulating child and parental allowance. On the other hand, the Statistical Office of the Republic of Serbia from the last Census from 2011, demonstrates that there are only 5,264 families with over five children in Serbia.³⁷ Out of this number, there are 1,719 families in which one or both parents stated that they are Roma. Furthermore, out of this number, in 782 families one or both parents are illiterate, while there are 1,024 families in which both parents have no school education or have completed a maximum of three grades of primary school.³⁸

22. Serbian Statistical Office reported that in 2020 the at-risk-of-poverty rate was 21.7% or some 1,500,000 citizens.³⁹ Official data also demonstrate that the overall unemployment rate in Serbia is around 11.1%.⁴⁰ The minimum wage is 298 EUR, and even with the nominal increase of 9-4% it still has not reached the level of the minimum consumer basket. The Gini coefficient is 35.6 (one of the highest in Europe), based on the latest SILC (2018) data.

Year	2013	2014	2015	2016	2017	2018	2019	2020

²⁹ Official Gazette of the RS, no. 104/2009.

³⁰ Government of the Republic of Serbia, Decision on the use of funds from the current budget reserve, 05 no. 401-10640/2017.

³¹ Government of the Republic of Serbia, Decision on the use of funds from the current budget reserve, 05 no. 401-12714/2017.

³² Government of the Republic of Serbia, Decision on the use of funds from the current budget reserve, 05 no. 401-12711/2017.

³³ Government of the Republic of Serbia, Decision on the use of funds from the current budget reserve, 05 no. 401-12717/2017.

³⁴ Government of the Republic of Serbia, Social Inclusion and Poverty Reduction Unit, Absolute Poverty, Absolute Poverty Profile 2006 – 2020: <http://sociojalnoukljucivanje.gov.rs/en/social-inclusion-in-rs/poverty-statistics/absolute-poverty/>

³⁵ Official Gazette of the RS, no. 24/2011.

³⁶ Official Gazette of the RS, nos. 13/2017, 50/2018, 46/2021 - Decision of the Constitutional Court, 51/2021 - Decision of the Constitutional Court, 53/2021 - Decision of the Constitutional Court, 66/2021 and 130/2021.

³⁷ Data obtained by special processing of census data performed by the Statistical Office of Serbia. The A 11 Initiative received data about characteristics of families with five or more children from the Statistical Office of Serbia in March 2021.

³⁸ Ibid.

³⁹ Statistical Office of the Republic of Serbia, Poverty and Social Inequality, 2020, online, available at: <https://www.stat.gov.rs/en-US/oblasti/potrosnja-prihodi-i-uslovi-zivota/prihodi-i-uslovi-zivota>

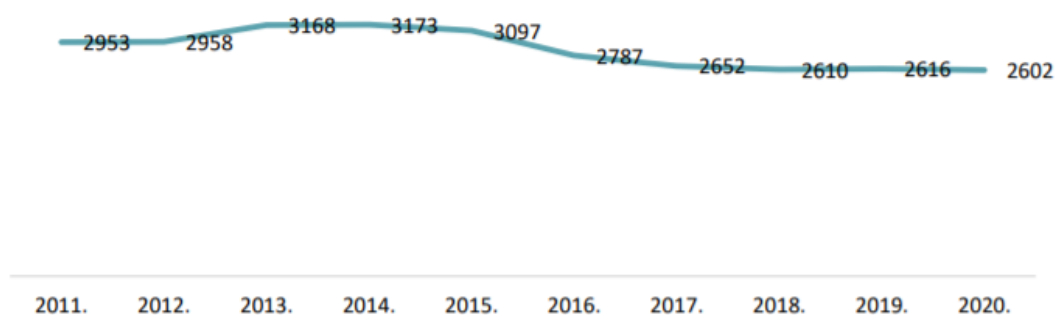
⁴⁰ Statistical Office of Republic of Serbia, Labor Force Survey, online, available at: <https://publikacije.stat.gov.rs/G2021/Pdf/G20211239.pdf>

Percentage of the poor	7.4	7.6	7.4	7.3	7.2	7.1	7.0	6.9
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Table 4: Percentage of the poor among the general population in Serbia

23. **Serbia fails to use maximum available resources for the progressive realization of the right to social security.** This includes the lack of financial resources earmarked for social protection, the lack of public policies aimed at the progressive realization of the right to social protection, and the lack of mobilization of international donors' assistance. Since 2015, there is no social policy aimed at poverty reduction and social inclusion, while the preparation for the adoption of the Social Welfare Strategy halted in 2019.⁴¹ In addition to the lack of public policies aimed at poverty reduction and social inclusion, **institutional capacities for social inclusion and poverty reduction are declining.** In 2009, the Government of the Republic of Serbia established the Social Inclusion and Poverty Reduction Unit (SIPRU)⁴² and positioned it in the center of the Government and, since 2018, it has operated within the Office of the Prime Minister. The mandate of this Project Unit, financed by the international donor community was to strengthen the Government's capacities to develop evidence-based social inclusion policies and to coordinate and monitor their implementation. However, this Project Unit was dissolved on 31 December 2021, when the project that financed the work of the unit expired and the Government failed to continue its financing.⁴³

24. Since 2014, the capacities of Social Welfare Centres (SWCs), key institutions responsible for social protection at the local level are decreasing, and the total number of staff hired dropped 18% in the period 2014 - 2020.⁴⁴ At the same time, their professional training and capacity building decreased 52.9% between 2019 and 2020.⁴⁵



Graph 2: Number of staff on indefinite employment, 2011 - 2020

(Source: Republic Institute for Social Protection, Report, 2020)

⁴¹ Republic Institute for Social Protection, online, available at: <https://bit.ly/3mPVW6U>

⁴² For more information about the Unit, please see: <http://socijalnoukljucivanje.gov.rs/>

⁴³ Social Inclusion and Poverty Reduction Unit, Dvanaest godina rada Tima za socijalno ukljucivanje i smanjenje siromastva Vlade Republike Srbije, online, available at: <http://socijalnoukljucivanje.gov.rs/rs/dvanaest-godina-rada-tima-za-socijalno-ukljucivanje-i-smanjenje-siromastva-vlade-republike-srbije/>

⁴⁴ Republic Institute for Social Protection, Report on the work of Social Welfare Centers, 2020, p. 6, online, available at: <http://www.zavodsz.gov.rs/media/2159/izvestaj-o-radu-csr-2020.pdf>

⁴⁵ *ibid*, p. 8.

25. At the same time with the decrease in the number of professionals working within the social protection system, the **number of beneficiaries of SWCs increased since 2011 by 23.5%**.⁴⁶ This number does not represent the number of people in situations of poverty and in need of social protection, but it includes other individuals in need of SWCs services - including divorce proceedings, foster care, adoption, sexual and gender-based violence, unaccompanied migrant children, etc. However, such a strong decline in the number of professionals working in the system and the increase in the number of individuals in need of social protection illustrates the current lack of professional capacities of these institutions and the need for additional resources allocation in that regard.

Insufficient level of social benefits

26. Financial social assistance in Serbia is insufficient to cover the basic expenses and amounts to approximately RSD 9.115 (77.50 EUR).⁴⁷ The European Committee of Social Rights in its 2018 Conclusions on Serbia has stated that the amount of social assistance to which the socially vulnerable individuals in Serbia are entitled is clearly insufficient and does not exceed the poverty line.⁴⁸ In addition to that, Serbian Law on Social Protection still prescribes the interruption of the receipt of financial social assistance for the majority of beneficiaries - those considered as able to work. This is in clear contravention to the Concluding Observations of the Committee from the previous review⁴⁹, and Article 9 of the Covenant. However, when discussing the increase of social benefits in the country, competent ministries regularly explain the level of social benefits with the lack of resources⁵⁰

⁴⁶ *ibid*, p. 9.

⁴⁷ Minister for Labor, Employment, Veteran and Social Affairs, Ruling on the Nominal Amounts of Cash Benefits, Official Gazette of the RS, No. 99/2021.

⁴⁸ European Committee of Social Rights, Conclusions 2017 – Serbia – Article 13 Paragraph 1 – Adequate assistance for every person in need, available at: <http://hudoc.esc.coe.int/eng?i=2017/def/SRB/13/1/EN>

⁴⁹ Concluding observations on the second periodic report of Serbia, Committee on Economic, Social and Cultural Rights, 10 July 2014, paras 24(a) and 24(b), online, available at:

<https://docstore.ohchr.org/SelfServices/FilesHandler.ashx?enc=4slQ6QSmlBEDzFEovLCuW54MwM13CZ4%2bVqIQ1kU7YRw1%2bWWofd2tBOLmHCPVP18p98WsDiiW2OUQ17gvnJpVVpoFywJLvYimxKtrPdaw9JwPrBrBaLOKZNQhIvbfOZUK>

⁵⁰ For one such example, please see: Ministry of Human and Minority Rights and Social Dialogue, Thematic Social Dialogue on Social Protection System in the Republic of Serbia, online, available at: <https://www.youtube.com/watch?v=9lBJzliPdRQ&t=35s> (Serbian only).

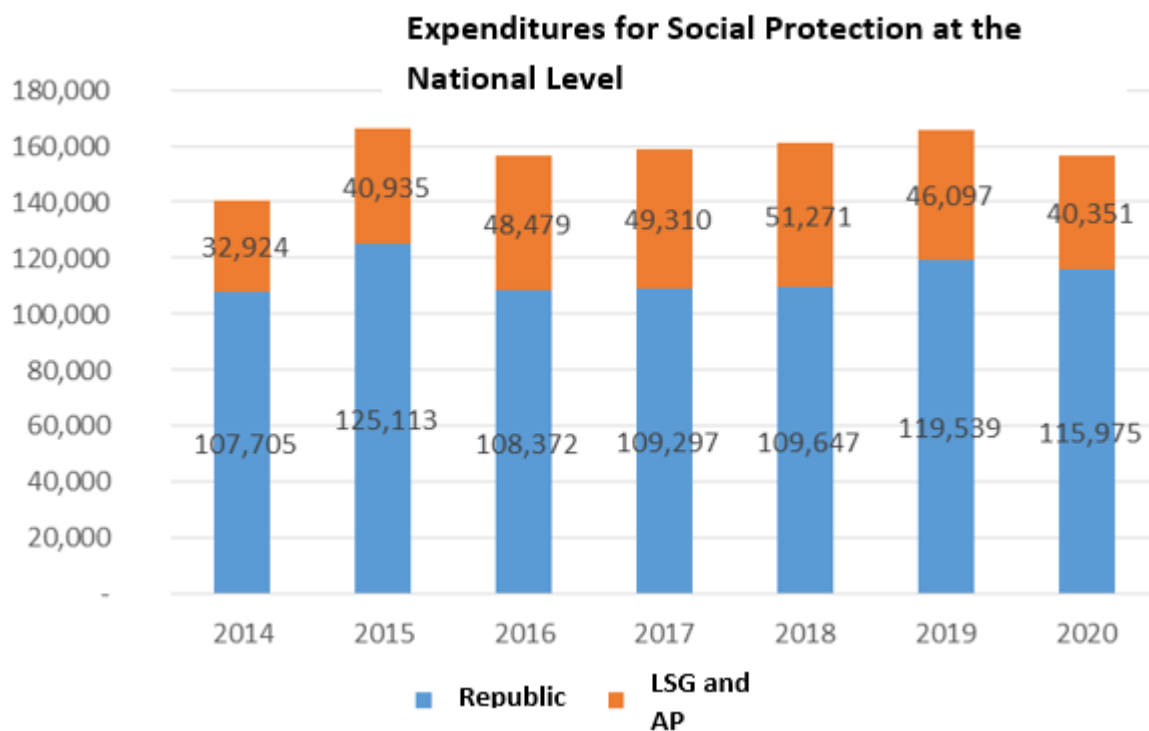


Table 5: Budget Expenditures for Social Protection at the National Level, 2014 – 2020

27. The budget for social protection at the national level increased in absolute numbers, from 107.7 billion RSD in 2014 to 115.9 billion RSD in 2020. However, the share of GDP allocated for social benefits dropped since 2014, when it was 2.63% of the national GDP, to 2.11% in 2020.⁵¹ As it was previously demonstrated, in this period, the number of beneficiaries of social welfare centers increased from 682.172 to 727.087.⁵² Social protection expenditure⁵³ in Serbia is lower than the European average, as demonstrated by the Eurostat data. For example, in 2017, the EU average for total social protection expenditure was 27.9% of GDP, while Serbia spent only 19.5% of its GDP on social protection. Out of this expenditure, the EU average in 2017 for children and families was 8.7%, while Serbia spent only 6.5% of its total social protection expenditure on this program. The situation is the same when it comes to housing and social exclusion benefits - while the EU average is 4% of total expenditure, Serbia spends only 3.2% of it on this program.⁵⁴

COVID-19 recovery measures adopted by the Government

28. Since the breakout of the COVID-19 pandemic, Serbia introduced a number of recovery measures aimed at mitigating health and other risks for individuals and companies. The Ministry of Finance estimated that the value of the package of measures to assist the

⁵¹ Ministry of Finance, Microeconomic and Fiscal Data, online, available at: <https://www.mfin.gov.rs/dokumenti2/makroekonomski-i-fiskalni-podaci>

⁵² Graph 3 of the report.

⁵³ This includes not just social benefits, but also benefits for families and children, unemployment benefits, sickness, healthcare and disability benefits, old age and survivors benefits and housing and social exclusion benefits.

⁵⁴ Eurostat, Social protection in 2017 Share of EU GDP spent on social protection slightly down Highest ratios in France, Denmark and Finland, online, available at: <https://ec.europa.eu/eurostat/documents/2995521/10246894/3-22112019-AP-EN.PDF.pdf/e1c0adb8-2e85-7a23-3965-c816861b713a>

economy and the households provided in 2020 was 12.9% of the GDP.⁵⁵ However, no specific measures were introduced for the protection of the most vulnerable population, even with such massive mobilization of financial resources in the country.

29. On 10 April 2020, the Government adopted the Decree on fiscal benefits and direct benefits to economic entities in the private sector and financial assistance to citizens in order to mitigate the economic consequences of COVID-19.⁵⁶ However, this Decree neglected the situation of vulnerable individuals, such as those engaged in the informal sector, who were severely affected by the pandemic, and especially derogation measures during the state of emergency.⁵⁷ Legally invisible persons and other undocumented persons or those without their permanent residence registered, who are almost exclusively Roma, depend entirely on precarious income from the informal economy and activities, as they cannot be formally employed without documents. Legally invisible Roma were particularly at risk of being left without the possibility to provide means of subsistence. They were also excluded from the assistance measures introduced during the pandemic, as is the case with a one-time cash benefit of 100 EUR, which could be obtained by all adult citizens of Serbia who had an ID card. Later on, during 2021, when the Government continued with similar financial assistance programs, and paid 80 EUR to all adult citizens of the Republic of Serbia, these categories of citizens were once again excluded from this assistance.

30. This is one of the most obvious examples of the exclusion of vulnerable Roma from measures aimed at mitigating the economic consequences of the COVID-19 pandemic, even in times of massive public expenditure for this purpose (approximately 600 million EUR). This is in contradiction with the recommendations of the Committee for Economic, Social and Cultural Rights regarding the COVID-19 pandemic and economic, social, and cultural rights⁵⁸, when the Committee recalled that Member States are obliged to allocate the maximum available resources to combat COVID-19 in the most equitable manner and take specially tailored measures to protect the health and livelihoods of minority groups, including Roma.

31. The other part of Government policy towards the COVID-19 pandemic included an increase in investments in the healthcare sector, especially in 2020 and 2021. These investments were secured through urgent procurement of medical equipment, vaccines, and medicines, and urgent construction of three new hospitals in the country, in Belgrade, Novi Sad, and Kruševac. However, these massive investments were once again characterized by a lack of transparency, and it is still not clear how the interest rates for these loans will affect the budget in the following years.

Conclusion and Recommendations

32. Serbia is one of the countries with the highest inequalities in Europe, with a persistently high number of persons living in poverty, and with almost one-quarter of the population at risk of poverty. The austerity measures adopted by the Government in 2014 heavily affected the enjoyment of economic, social, and cultural rights for vulnerable populations, particularly for persons living in poverty, Roma population, displaced persons, refugees, and beneficiaries of social protection. Public expenditures for social and economic

⁵⁵ Ministry of Finance, Fiscal Strategy for 2022 with Projections for 2023 and 2024.

⁵⁶ Official Gazette of RS, No. 54/2020 and 60/2020.

⁵⁷ A 11 - Initiative for Economic and Social Rights, Human Rights in Serbia during the first wave of Coronavirus: form denial of danger to state of emergency, pp. 19 - 21, 2020, online, available at: <https://www.a11initiative.org/wp-content/uploads/2020/10/Human-Rights-in-Serbia-during-the-First-Wave-of-Coronavirus-1.pdf>

⁵⁸ Committee for Economic, Social and Cultural Rights, Announcement on COVID-19 pandemic and economic and social rights, 6 April 2020

rights are on a constant decline, although significant funds are squandered due to the mismanagement of funds, corruption, lack of transparency in budget-related processes, and overall lack of rights-based approach towards economic and fiscal policies.

33. COVID-19 pandemic additionally worsened this situation, and Serbia is one of the rare countries that failed to introduce specific measures for the protection of the most vulnerable population in times of crisis. 12.9% of the GDP was spent on COVID-19 recovery measures aimed at individuals, businesses, and the health sector, yet, in the first year and a half, not a single measure targeted the most vulnerable population. Only last year, the government decided to implement one-off payments for unemployed citizens in the amount not sufficient for mitigating the crisis caused by the loss of jobs, insecurities, and the global health crisis.

34. The Government failed to reverse or modify the austerity measures introduced in 2014, significantly worsened the situation of a particularly vulnerable population, and failed to take steps to the maximum of available resources to progressively realize economic, social, and cultural rights in the country.

35. Recommendations to the State related to its obligation under Art. 2(1) of the Covenant on Economic, Social, and Cultural Rights:

Take action to end austerity, including by:

- Progressively increase the expenditure on health and social protection as a share of GDP.
- Reforming the tax system to make it more progressive, including by withdrawing or modifying regressive tax policies introduced as a part of austerity measures.
- Measuring the impact of budget cuts on the enjoyment of economic, social, and cultural rights by marginalized and disadvantaged groups, in particular women, children, Roma, displaced population, and refugees.
- Reforming social protection system with an aim to remove welfare family caps for families with more than four children.
- Removing the interruption in receiving social benefits for individuals who are able to work.
- Introducing a transparent, cost-effective, and human rights-based approach towards the Government's policy on the number of individuals employed in the public sector, particularly in sectors relevant to education, health care, social protection, and housing.
- Prioritizing the needs of the most vulnerable individuals, families, and communities in social protection and housing.

Address the issues of poverty, inequality, and social exclusion of certain groups through:

- Adopting human rights-based Poverty Reduction Strategy and the Strategy for Social Protection, in transparent and participatory procedure and in collaboration with social partners and CSOs.
- Ensuring sufficient funds and other resources for the implementation of these strategies.
- Introducing a clear set of indicators and targets for measuring poverty reduction and social inclusion, and a system of monitoring of these targets.
- Introduce effective judicial review of State policies and legislation related to the enjoyment of economic, social and cultural rights.

Adopt a human rights-based approach to fiscal policy, including by:

- Ensuring participation of communities, social partners, CSOs, and other interested parties in the planning stages of the budget process.
- introducing regulatory reform in order to improve transparency and accountability in the budget process.
- Introducing human rights impact assessment into the budget process.
- Taking all the necessary measures to provide adequate levels of public funding at the national, provincial, and local levels to ensure progressive realization of economic, social, and cultural rights.
- Increasing fiscal revenue and advancing a more equitable distribution of resources by increasing progressive tax rates when needed, and by reducing VAT on basic food and non-food items essential for rights, dignity, and gender equality.
- Increasing the efficiency of tax collection and fighting tax evasion in the country.