

Statements and Comments – Serbia¹

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Relevance of the Catalonia Programme for Serbia

A Brief Overview of Local Government Mandates in the Area of Social Inclusion in Serbia

Serbia has several layers of government: municipalities, cities, districts, autonomous provinces and national level. In Serbia there are a total of 167 municipalities. The smallest municipality has between 8 and 10.000 inhabitants, while the large ones have over 100.000 inhabitants.

Jurisdictions of municipalities are defined by the Law on Local Self Government. This law defines 35 specific municipal duties, such as land use planning, local utilities (water, sanitation, heating, waste management, parking, etc), building maintenance and safety, local roads management, establishment of organizations related to education, culture, primary health care, social welfare, organization of inspection services etc.

In terms of **social inclusion**, once again the jurisdictions are divided between central and local (municipal) level. In the area of **social welfare and child protection**, in general, cash benefits (such as social assistance and child allowances are financed from central level), while the majority of community based services are financed by the local governments. In the area of **education**, primary and secondary education is mostly in the mandate of central level, while the local level is in charge of pre-school education as well, maintenance of primary school facilities, and collection of data on illiterate persons, persons with incomplete education and children with disability. **Healthcare** is mostly centralized with financing from the central Health Fund. In the area of **employment**, local governments in Serbia have very limited mandates. Employment activities are delivered by the National Employment Service (NES) and employment agencies. The NES has branch offices in the majority of municipalities in Serbia.

Local planning of social inclusion in Serbia

During the last 5 years the process of local planning in Serbia has been present through various donor funded projects. The three main projects that supported the development of local social welfare plans included the DfID funded 'Support to Social Policy Reforms in Serbia' that worked in 24 municipalities, the UNDP funded 'Planning Social Welfare Services at Local Level – Programme PLUS' that worked in 80 municipalities and the Norwegian funded 'Tools and Mechanisms for Local Development' and 'Building Mechanisms for Social Inclusion' where 23 small and under capacitated municipalities produced and started implementing their local social welfare plans. Thus, these three projects supported the development of local social welfare plans in 127 municipalities in Serbia – i.e. in almost 80% of the all municipalities in Serbia. Additionally, Local Plans of Action for Children supported by UNICEF have been developed in 22 municipalities. Local planning of social inclusion in Serbia was mostly focused on the devel-

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opment and implementation of social welfare local plans – as an important first step in addressing the wider issues of social inclusion.

Although the development and implementation of social welfare plans in Serbia is a result of implemented projects and not part of official state or local government policies, the new Law on Social Protection that is expected to be enacted in late 2010, reinforces the development of social welfare programmes at local level and also introduces the concept of earmarked transfers in the area of financing social welfare services according to specified criteria. One of the criteria for applying for these earmarked transfers is that the local government – applicant must have a local social welfare plan and clearly prioritized services that are needed in the municipality. Thus, indirectly, local social welfare planning is becoming institutionalized in Serbia. All of these elements are important for building the capacity at both central and local level for social inclusion. The process of planning and implementing social inclusion programmes in Serbia will require additional financial resources both for the development and for the implementation of these comprehensive programmes.

Similarities

Although the Serbian experience in developing local plans for social inclusion is still present in the form of donor funded projects and is mostly concentrated on social welfare, it still has a number of similarities with the Catalonia Programme.

1. *Involvement and co-operation of the agents operating in the area, particularly of local administrations and transversal design and interdepartmental planning;*

The development of local social welfare plans in Serbia is also based on inter-sectoral cooperation at local level. All plans are developed and implemented by working groups (WG) established in the municipalities consisting of representatives from all sectors relevant for social inclusion/social protection – social welfare (through Centres for Social Work), education (through pre-school and primary school), health care (through primary healthcare centers) and in some instances employment (through representatives of national employment service branch offices). Other sectors, such as police, justice, etc. are consulted during the process of developing and implementing local social welfare plans as needed. The WG are lead by a representative from the local administration closely linked to the Mayor and/or to the Municipal Council. In Serbia it is important that the WG includes representatives of municipal councils due to frequent political changes at local level. The involvement of representatives of different political parties ensures the sustainability of the WG and local plans in cases when there are changes in local government. This system of planning places the client in the centre of the system and enables an integrated approach to providing services to those in need, including mapping of needs and responses to these needs in the municipality.

2. *Insufficient local budgetary resources for financing all the devolved responsibilities at local level*

In Serbia (as per the Law on Social Protection from 1991) local governments are mandated with providing the majority of social welfare services in their municipalities. In spite of this, a

situation analysis on social welfare at local level based on interview surveys conducted in 30 municipalities in 2005 shows that local budgets allocate less than 2% of their funds for social welfare programmes. The draft new Law on Social Protection foresees the introduction of earmarked transfers for assisting local governments in financing social welfare services according to established criteria.

3. *Monitoring and evaluation*

The lack of tools for sound reporting, monitoring and evaluation mentioned in the Evaluation and Discussion paper on the Catalonia Programme are also a problem in Serbia. Additionally, in Serbia there is a need for capacity building of local governments on the importance and use of monitoring and evaluation tools. This also requires the development of indicators and collection of data at both local and central level.

Differences

1. *Social Welfare vs. Social Inclusion*

As already mentioned, the main difference between the Catalonia and Serbia programmes is the fact that Serbia has developed and is implementing local social welfare plans and not local social inclusion plans.

2. *Number of municipalities involved in the programme*

In Serbia the majority (almost 80%) of the municipalities have developed social welfare plans and programmes, while the Catalonia programme covers only a fraction of the municipalities. It could be an interesting issue for debate on the pros and cons of focusing plans on a narrower topic (social welfare) and targeting a larger number of municipalities, as opposed to focusing on the wider concept of social inclusion and targeting a smaller number of municipalities. In Serbia the rationale for the first option included various arguments: 'basic' social welfare services, such as homecare, daycare centres for children and persons with disability, personal assistants for persons with disability, shelters, etc. were (and still are) underdeveloped. Opting for the concept of social inclusion would mean including all social services including employment as an important aspect of alleviating social exclusion. Focusing on social welfare services was justified by the fact that these services in Serbia are the only ones directly in the mandate of local governments. Thirdly, the concept of participatory planning was new in Serbia and starting 'modestly' with a focus on social welfare and building the capacity of stakeholders to analyze and find integrated solutions for social welfare services seemed like a good decision. Whether or not this was a good concept and how well will local governments respond to the challenge of planning social inclusion will be seen in the near future.

3. *Project support to municipal working groups vs. central government support to Technical Offices*

Although in Serbia the inter-sectoral working groups (WG) proved to be a good model for integral social welfare planning there remains the problem of the institutionalization of WG in the municipalities and therefore their sustainability in the long run. The WG set up under the projects often dissolved once the projects were completed. One of the reasons for this was the lack of financing for WG members who were willing to volunteer only for a certain period of time. The local governments do not have sufficient resources for financing these WG and in addition, in Serbia there is currently a ban on the employment of civil servants, therefore making it impossible to create an institutionalized WG or technical office for the purposes of developing and implementing local programmes.

Possible suggestions for improving the Catalonia Programme

The experience of developing local social welfare plans in Serbia provided two lessons learned that could prove useful for the Catalonia Programme.

One concerns the **timeframe** for the development of the local social inclusion programmes. Despite the fact that developing social inclusion programmes is more complex than producing local plans for social welfare, still it seems that the seven-year timeframe is too extensive. In order to provide a tangible motivation of the principle stakeholders in the process it would be necessary to have some 'concrete' results earlier in the process. Having in mind that the main goal of the local social inclusion plans is to provide visible benefits for the excluded, it would be important for all stakeholders to see some of the results emerging from the process within 2-3 years. This could be accomplished through a direct linking of the Catalonia Planning Programme to **funding for the establishment of new or improved services** emerging from the planning process. The local governments could apply for these funds based on their plans and immediately have access to funding for the establishment of new services according to defined criteria. Such a fund was set up in Serbia in 2003. The Social Innovation Fund (SIF) provided grants to municipalities for establishing social welfare services based on their local social welfare plans. From 2003 to 2010, SIF provided 298 grants (in the amount of over 7 million Euros) and supported the establishment of services in over 100 municipalities. The experience from SIF shows that this type of direct support to service establishment stemming from the planning process provided positive feedback to the local level stakeholders involved in the process.

The second lesson is based on experience of **working with small and under capacitated municipalities** in Serbia. One of the mentioned projects, supported by the Norwegian Ministry for Foreign Affairs and implemented by CLDS, Standing Conference of Towns and Municipalities (SCTM) and IMG, has been supporting local social welfare planning and service establishment in 23 small and under capacitated municipalities in Serbia. The project showed that it was extremely important to provide additional and tailored capacity building to these municipalities, since they have less capacity (financial, human resource, infrastructure) and a larger share of socially excluded than the larger municipalities in Serbia. The project provided lessons learned that resulted in policy changes (such as introducing earmarked transfers for social welfare services in the draft new Law on Social Protection) that are very important for ensuring a more balanced development of all municipalities in Serbia. Since the Catalonia Programme seems to have excluded the smaller municipalities from the Programme – the Serbian experience shows that it would be important to either re-introduce them to the Programme, or even design a specific programme for smaller and/or less developed municipalities, since they probably, like in Serbia

have their specificities that need to be treated differently than municipalities that are larger and more developed.

Transferability of the Programme to Serbia

1. *Social Welfare to Social Inclusion*

The lessons provided by the Catalonia Programme can certainly be used in Serbia in the process of transition from planning social welfare to planning and implementing social inclusion at local level with the aim of achieving social inclusion.

2. *Financing Local Social Inclusion Programmes*

The commitment of the central level in Catalonia to support municipalities in developing and implementing social inclusion plans and services through financing Technical Offices for the Local Plan and provision of human resources and various capacity building mechanisms is an interesting model that Serbia can learn from. It would also be helpful to find out what type of donor/European funds have been used in other countries and it could be used by Serbia to implement this model, due to the restricted central budget.

3. *Financing local social inclusion services – municipal, regional, central level*

For Serbia it would also be interesting to learn of the system of financing social welfare and other social inclusion services at municipal level and the respective roles of central, regional and municipal governments. In Serbia there is no intermediary level of government in the form of regions and there is an on-going debate on how to 'overcome' this 'handicap' in the process of further decentralization.

4. *Networking and exchange of good practice*

The model of 'learning and contrasting local work experiences in networks established, coordinated and projected by the agents intervening in the development of Local Plans for Inclusion' could also be valuable to Serbia. In Serbia the model of working through networks is at the very beginning. There are some projects being implemented that will involve the establishment of municipal networks. Experience from the Catalonia Programme could provide lessons that would prevent mistakes and enable setting up more efficient networking models in Serbia.

5. *Systematizing and disseminating good practice – the e-Catalunya Platform example*

In Serbia, as in most other countries, there is a substantial amount of experience generated on different tools, mechanisms and lessons in the area of social inclusion. However, the generated knowledge is still not systematized and is unavailable to all relevant stakeholders. It would be very important for this knowledge to be preserved and used for further

development of social inclusion. Thus the experience of Catalonia with the e-Catalunya Platform could be valuable for Serbia.

Social exclusion and poverty in Serbia

Pre-crisis living conditions in Serbia were marked with a significant reduction in absolute poverty. This has been the trend documented by both LSMS and HBS data since 2002. According to the HBS data the headcount index of poverty declined from 8.8 percent in 2006 to 6.1 percent in 2008. Poverty gap and poverty severity indexes were also low and they almost halved in the observed period.

Poverty profile has not changed since 2002. There is greater probability that someone will be poor in Serbia if they are over 65, live in rural areas, especially in Southeast and West Serbia, live in households with more children or in single member elderly households, are unemployed, dependent or without education.

The analysis showed that gender had no significant impact on overall poverty incidence and that it did not play a substantive role in the explanation of the poverty profile for Serbia in the pre-crisis period.

If the pre-crisis period is characterized as the period of poverty reduction, what followed after can certainly be described as the time of deteriorating living standards and increasing poverty in Serbia. In 2009 headcount index of poverty reached 6.9%, while according to preliminary results in 2010 it rose even further reaching the level from 2006 of 8.8%.

The rising trend in poverty has particularly affected the non-educated and population younger than 15. Although increasing poverty hit both genders, households with male heads experienced a higher poverty rate during the crisis.

Based on findings of the focus group discussions, the position of particularly vulnerable segments of the population (the Roma, IDPs, social assistance beneficiaries) has been aggravated during the crises by decreasing availability of jobs in the informal economy on which they heavily rely, loss of formal employment, smaller chances to find a new job, and decreased wages both in formal and informal economy.²

² Impact of the Financial Crisis on the Labour Market and Living Conditions Outcomes, B. Mijatovic, G. Matkovic, M. Petrovic, CLDS, Belgrade 2010.