

COVID crisis and poverty: Poverty Watch Serbia 2020



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Poverty watch under COVID-19 pandemic in Serbia: monitoring poverty without poverty data

This is third Poverty Watch for Serbia¹, produced by the European Anti Poverty Network – Serbia (EAPN) with the aim to monitor poverty trends and advocate for more effective anti-poverty measures and policies. The COVID-19 pandemic has altered realities and everyday lives of people around the globe, revealing more clearly gaps in resilience among social groups due to the inequalities, weaknesses of public social systems due to the stalled reforms and fragility of democratic institutions, human rights and freedoms in a country that has long and strong legacy of authoritarian regimes, political clientelism and party patronage.²

Monitoring poverty without poverty data is difficult task. But lack of any official estimates of impact of COVID-19 pandemic on poverty and inequality, already speaks about mode of governmental response to the crisis, which was rather universalistic than pro-poor focused. In the absence of the new SILC, Household Budget Survey³, or other relevant surveys, this report is based on the data provided by several researches conducted by international organizations and civil society organizations.

COVID-19 pandemic in Serbia and government responses

The pandemic and the measures that have been in place in response by the government had profound impact on the everyday lives of people in Serbia.

Brief history of pandemics and Government response to it

First registered case in the world: China, 31.12.2019.⁴

First registered case in Europe: France, 24.01.2020.⁵

WHO proclaims pandemic: 11.03.2020.⁶

First registered case in Serbia: Subotica, 06.03.2020.⁷

Proclamation of emergency state: 15.03.2020.⁸

Number of COVID cases and deaths as of 07.05.2020. (date of canceling emergency state): total number of sick 9848, total number of deaths 206.⁹

Number of COVID cases and deaths as of 17.09.2020: 32,613 cases, 736 deaths.¹⁰

The response to the pandemic in Serbia followed a "restrictive model" at the beginning (March and April 2020). The emergency state was proclaimed in the mid-March, which included a set of measures such as closing borders, canceling public transport, high restrictions of movement, long curfews with several days of lockdown. Measures also included the closure of all stores, except grocery stores, relocation of work from offices to the homes of employees except in cases when it wasn't possible to do so, or necessary to provide basic duty, closure of educational institutions at all levels, limitation of direct contact with citizens of public and social services providers, etc.

After two months (on 7th May), the measures were abruptly eased: restrictions on movement were lifted, borders were opened from the direction of Serbia, but most countries closed their borders to Serbian citizens at the end of June (due to the increased number of cases), public and social services have been reopened, all shops have been opened as well as catering facilities, while most cultural institutions have

remained closed. Preventive measures for safe and healthy work have been introduced, which includes work in shifts, so that as few people as possible stay in the same space, and mandatory implementation of hygienic and disinfection measures at the workplace.¹¹ Since the epidemic flared up in Serbia in the second half of June, most companies that had the opportunity to transfer their employees to work from home during the state of emergency, returned to this model. September brought further ‘normalization’ of situation with opening schools, though in the changed work regime. Although the restrictive model has been abandoned, the pandemic situation and the current measures continue to affect the level of activity of the companies, the level of employment, the working conditions of employees and livelihoods of citizens, particularly those in vulnerable labour market position.

The impact COVID-19 pandemic and government measures on employment and livelihoods

Impact on employment

According to the ILO rapid assessment, the decline in working hours during the second quarter of 2020 (May-July) resulting from lay-offs and other temporary reductions in working time amounted for 14.8%, which is equivalent to approximately 510,000 full-time jobs.¹² The assessment found eight sectors in which workers are severely affected: wholesale and retail trade, accommodation, transport, food and beverages, service activities, forestry and logging, and crop and animal production. It is estimated that in these sectors over 700,000 workers are at immediate risk because of the characteristics of their jobs. Particularly vulnerable are 267,000 of informal workers and 314,000 of self-employed in these sectors.

According to the Labor Force Survey (LFS) data from the first and second quarter of 2020, there was decline in both employment and unemployment and increase of inactivity. Between first quarter of 2020 and last quarter of 2019, the number of employed persons has decreased for -60,800, with majority (-51,400) being employed in informal sector.¹³ The number of unemployed decreased as well (-3,700), while number of inactive persons has increased for 57,200 persons. During second quarter 2020 (May-July) the number of employed persons further declined for -33,200 persons and number of unemployed declined for -87,400 persons, while number of inactive has increased for 113,100 persons in comparison with first quarter 2020. The decline of employment was recorded in informal sector (-35,400), while in the formal sector there was small increase of employment (2,200). The inactivity has increased mainly among younger persons (25-34 years).

Compared to the second quarter of 2019, among population old 15+, there was total decline in number of employed persons of -72,300, as well as decline among unemployed persons (-111,100), and increase in inactivity (153,800). The decline in employment was the most prominent in Belgrade, and among informally employed.

Table 1: Changes in activity, employment and unemployment, by gender, second quarter 2020

	II quarter 2020	Changes compared to I/2020		Changes compared to II/2019	
	(in thousands.)	(in thousands)	%	(in thousands)	%
Total	5898.0	-7.6	-0.1	-29.6	-0.5
Active	3067.1	-120.7	-3.8	-183.4	-5.6

Employed	2844.2	-33.2	-1.2	-72.3	-2.5
Unemployed	222.9	-87.4	-28.2	-111.1	-33.3
Inactive	2830.9	113.1	4.2	153.8	5.7
Men	2845.8	-3.6	-0.1	-14.0	-0.5
Active	1703.0	-42.2	-2.4	-96.1	-5.3
Employed	1583.8	1.5	0.1	-41.6	-2.6
Unemployed	119.2	-43.7	-26.8	-54.5	-31.4
Inactive	1142.7	38.6	3.5	82.1	7.7
Women	3052.2	-3.9	-0.1	-15.7	-0.5
Active	1364.0	-78.4	-5.4	-87.3	-6.0
Employed	1260.4	-34.7	-2.7	-30.7	-2.4
Unemployed	103.7	-43.7	-29.7	-56.6	-35.3
Inactive	1688.2	74.5	4.6	71.6	4.4

Source: SORS, LFS Second Quarter 2020, <https://www.stat.gov.rs/oblasti/trziste-rada/>

When second quarter 2020 is compared to the same quarter 2019, there is more decline in employment and increase inactivity among men than among women. However, when second quarter 2020 is compared to the first quarter of the same year, the decline of employment and unemployment and increase in inactivity is bigger among women than men (Table 1).

The rapid assessment conducted by UNFPA and UN Women¹⁴ found also that women more often than men experienced job loss and also faced increased working hours (Table 2). Respondents aged 18-34 found it easier to lose their jobs than other age cohorts (9.5% vs. 5.7%), and their position in the labor market was more vulnerable because they were often employed on fixed-term contracts or were the part of the informal workforce. Women were also more frequently sent on leaves by the employers than men (24.7% vs. 18.4%). On the other hand, working hours more often increased among women than men, which is understandable having in mind that women make majority of workforce in the health sector which was particularly burdened by the pandemic.¹⁵

Table 2: Changes in employment status and working hours after the outbreak of COVID-19 pandemic, by sex, in %

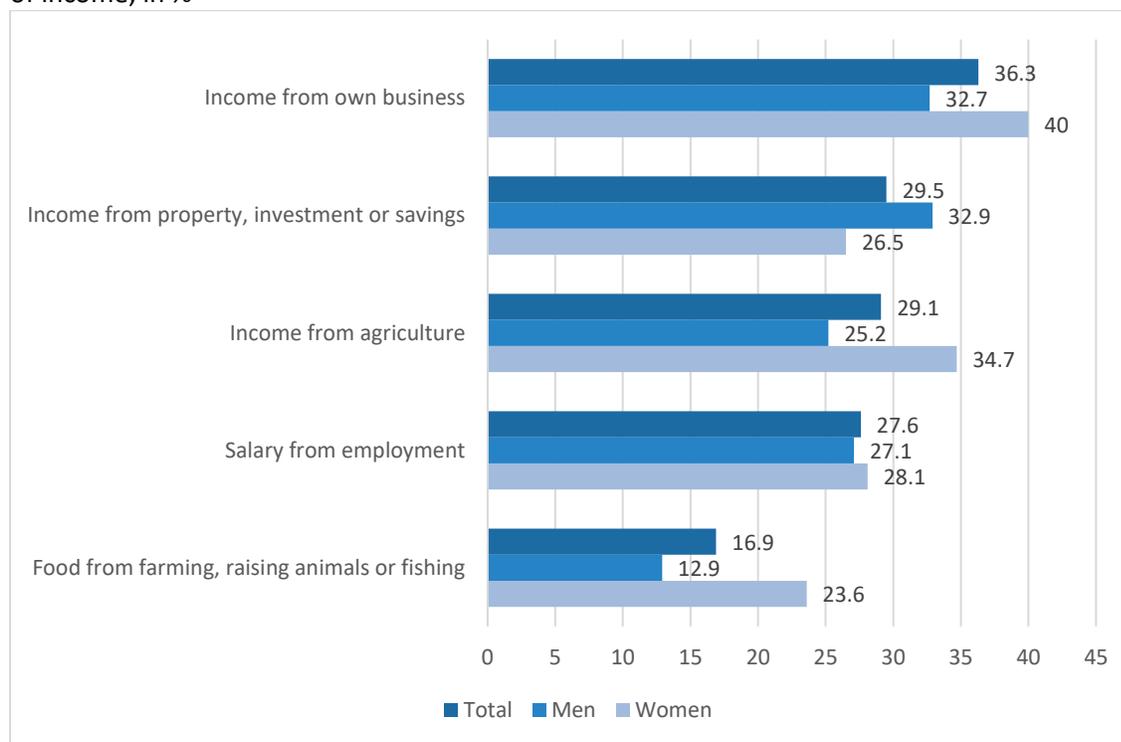
Changes	Total	Men	Women
No changes in status or working hours	62.2	61.6	62.8
Job was lost	5.7	4.3	7.3
Number of working hours has increased	6.4	5.7	7.0
Number of working hours has decreased, but no job loss	25.1	27.9	22.1
NA/DK	0.6	0.5	0.8
Total	100	100	100

Source: SeConS, Impact of COVID-19 on livelihoods of women and men in Serbia, UNFPA, UN Women, 2020.

Impact on livelihoods

The impact of COVID-19 pandemic on incomes is pronounced: more than one third of respondents reported the decrease of the income from personal or family business, more than one quarter of respondents reported decrease of incomes from salary, agricultural activity or investments and savings, and even more than 16% of respondents reported the decline of in-kind incomes. The gender differences are significant, with women systematically reporting in higher proportion than men their incomes from productive activities have decreased (Figure 1).¹⁶

Figure 1: Share of respondents whose incomes decreased since outbreak of COVID-19, by gender and type of income, in %

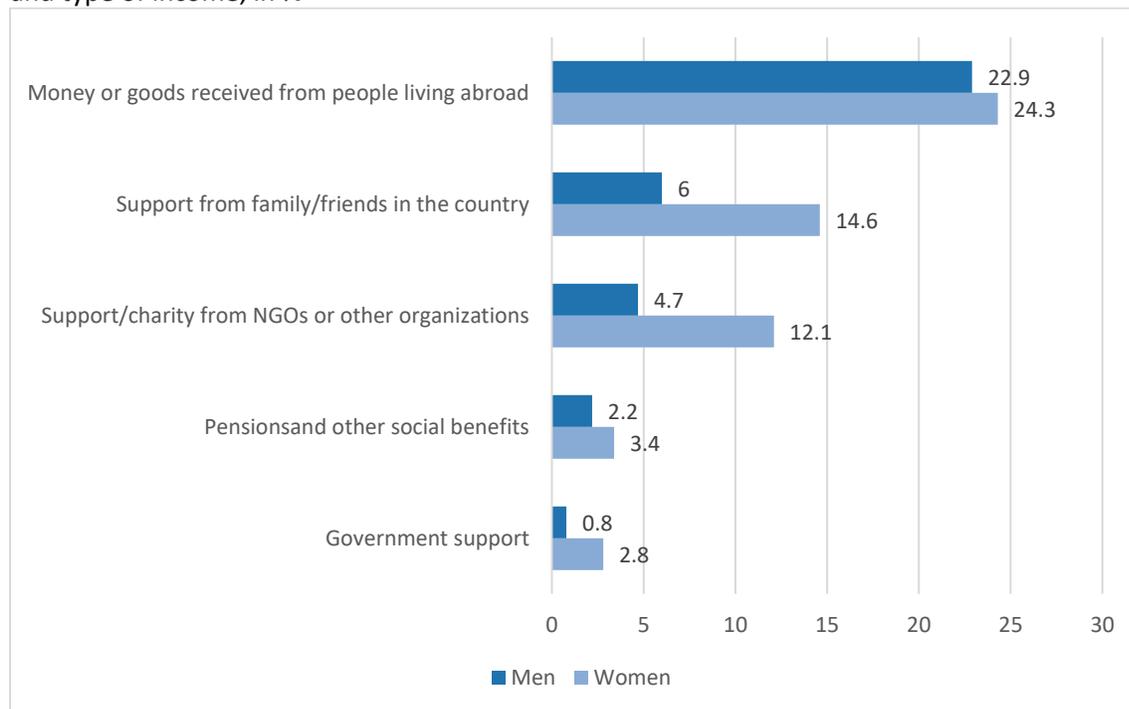


Source: SeConS, Impact of COVID-19 on livelihoods of women and men in Serbia, UNFPA, UN Women, 2020.

The only resource that has increased for majority of respondents due to the COVID was government financial support. However, it should be kept in mind that this was one-off financial support amounting 100 EUR¹⁷. Still, small proportion of respondents indicated that their social transfers from government were reduced during pandemics. Although data do not explain to which benefits these respondents refer, it can be assumed that this is related to other forms of regular social benefits, such as minimum incomes, unemployment benefits, child allowances or similar.¹⁸

The increase in pensions and social benefits is a consequence of a one-time aid in the amount of 34 euros, which was one of the measures implemented by the Government to combat the economic consequences caused by the COVID-19 pandemic. The incomes that have increased for a bigger portion of respondents include pensions and social benefits (increased for 37.7% of respondents), and support from NGOs. Decrease in incomes from transfers are again systematically reported more frequently by women than men (Figure 9).¹⁹

Figure 2: Share of respondents whose social benefits decreased since outbreak of COVID-19, by gender and type of income, in %



Source: SeConS, Impact of COVID-19 on livelihoods of women and men in Serbia, UNFPA, UN Women, 2020.

Other social transfers (from relatives abroad or in country, support from CSOs, etc.) have declined for smaller proportion of respondents, and again systematically more often for women than men.

One third of respondents thinks that their salary will be reduced if pandemic lasts longer, while 17% assumes they will remain without salary in that case. One third of respondents estimated they will have difficulties to pay utility bills, and one third estimated they would have difficulties to cover basic living costs.

Women consistently in higher proportion than men expect they will face financial difficulties, which is in accordance with their weaker labour market position and higher impact on incomes. Younger population will need to rely more often than other age groups on different forms of financial supports from relatives.²⁰

Social protection measures: universalistic instead of anti-poverty

Income support measures implemented since the pandemic outbreak, included:

1. A one-off universal cash transfers to all adult citizens of 100 EUR;
2. One-off financial assistance to pensioners and temporary benefit beneficiaries of about 34 EUR;
3. In-kind assistance to the 14,000 most vulnerable women in 50 municipalities, containing hygiene packages and essential foodstuffs;
4. Financial assistance to freelance artists of 30,000 per month during period of three months;
5. Increased wages in the health sector by 10%.

According to the ILO/EBRD assessment, Serbia adopted the most generous and comprehensive economic package among the Western Balkan economies.²¹ However, although the employment retention measures saved many jobs, they did not protect vulnerable workers (informal, temporary, service-contract workers), worsening their relative position and contributing to overall inequality. The ILO/EBRD microsimulation found that universalistic income support measure of 100 euros to all adult citizens had the distributional and anti-poverty effect, and contributed to the reduction of relative poverty rate to 22.9%, below the pre-crisis level. The strongest impact is found on young people (18-24) who were less exposed to poverty than children due to this one-off benefit.²²

The combination of universalistic employment prevention measures targeting all enterprises regardless their vulnerability and universal one-off cash grant to all adult citizens, managed to contain the expansion of poverty and to bring down the Gini coefficient by one full point, according to the ILO/EBRD microsimulation. The measures suffered from 'error of inclusion' - including the well-off population that did not need cash benefit - as well as 'error of exclusion' – omitting certain groups.²³

The universalistic approach in providing social benefits to increase resilience of population on socio-economic consequences of pandemic, according to the EAPN assessment did not reach social groups that needed the most such assistance:

- Children – as data on the risks of poverty and social inclusion previously presented indicate, children are one of the most vulnerable groups and with the increase of number of children in the household poverty risks multiply.
- Groups without IDs, which are mainly found among people living in substandard Roma settlements, particularly among those with history of displacement and forced migration;
- Homeless persons which often lack IDs, information or resources needed to access public services and apply for such benefits;
- Refugees and asylum seekers who were not entitled due to the citizenship criteria and were contained in collective centers during the peak of pandemics;
- Persons with mental disability if not supported by family members.

Groups at highest risk of poverty and social exclusion during the COVID-19

The COVID-19 pandemic increased the risk of poverty and social exclusion among those groups that were already in a disadvantaged position. Observing the type of household, data shows that the households composed of two adults with three or more dependent children were at the greatest risk of poverty even before the COVID-19 pandemic (53.6% compared to 24.3% of national average), followed by single parent families (36.5%), and single persons households, whether younger than 65 (37.2%) or older than 65 (32.6%), unemployed (49.0%) (SORS, 2018). According to the research conducted by UNICEF Serbia, almost half of the households with children stated decline in their income during the pandemic, while a quarter of households with children had unplanned expenses due to the situation (UNICEF, 2020: 6). These findings are not surprising, having in mind a lack of targeted measures and inadequate distribution of cash transfers, that were available only to adult household members, while children were excluded. For instance, a household consisting of four employed adults received 400 EUR, while a single-parent who has three children received only 100 EUR.

The conference on poverty during and after the crises, organized by the Social Inclusion and Poverty Reduction Unit in May 2020 stressed the problems specific vulnerable groups are facing with²⁴. Homeless persons and families at risk of becoming homeless were especially affected by the restrictions introduced as a response to the pandemic. For homeless people it was extremely hard to find a place to stay or live in, and it was impossible to stick to the measures recommended by the health care professionals, in order to prevent spreading the virus. In addition, according to the data of the “Roof Over Your Head” initiative, 1,660 families in Serbia were particularly at risk of becoming homeless, since they were unable to pay the house rent.²⁵

Among Roma population, living predominantly in sub-standardized settlements, the risks of poverty and social exclusion were even higher than before the crisis, since “a major part of the members of the Roma community earn their daily living by collecting secondary raw materials, selling goods at green markets or playing music, which was not possible in the time of pandemic”²⁶. When it comes to spreading the virus, it was hard to expect that the population in which 5,000 families have no access to drinking water²⁷ could respect even the basic recommendations on maintaining proper hygiene.

Older persons (65+) were in a specifically disadvantaged position, since they were exposed to restrictions putting them at risk of social exclusion. During the state of emergency, elderly was mainly not allowed to leave their home and have any contacts with the persons outside their household. This was particularly difficult to those who live alone, and those living in remote rural areas. In addition, elderly in rural areas were not able to sell their agriculture products, which significantly reduced their income. In order to support this vulnerable group, the Red Cross Serbia made 127 telephone lines for providing support and information to the elderly, which was very helpful²⁸.

EAPN Calls for Action

- EAPN calls for urgent poverty and social exclusion assessment of COVID – 19 impact of pandemic by Government that will provide evidence necessary for more precise targeting with social benefits and more effective prevention of increase of poverty and social exclusion among groups under the highest risks of poverty.
- EAPN calls for transparent social protection policies in prevention or elimination of adverse pandemic impact on groups under the poverty and social exclusion. Monthly public reporting of the Ministry of Labour, Employment, Veterans and Social Affairs on the situation of the most vulnerable groups and measures undertaken to increase their resilience to crisis are required in order to enable citizens to monitor COVID-19 related social protection measures.
- EAPN calls for correction of the measure of one-off benefit of 100 EUR that was discriminatory towards children, persons without IDs or under risk of statelessness:
 - One-off child benefits to all children 0-18 amounting of 100 EUR as it was delivered to adult population, with the aim to avoid discrimination by age, and to decrease risks of child poverty as well as poverty of families with more children;
 - Mapping and delivering the one-off benefit of 100 EUR to the population living in Roma settlements who were excluded from the benefit due to the lack of IDs or bank accounts. Ministry of Labor, Employment, Veterans and Social Affairs, should use and support the network of Roma mediators to implement this task.
 - Similarly, the benefit should be distributed among homeless persons,

- Benefit should be distributed to refugees and asylum seekers in the same manner.
- EAPN calls for specifically tailored measures in support to the most vulnerable groups in order to increase their resilience on COVID – 19 pandemic, including

¹ First Poverty Watch was published in 2017 <https://www.secons.net/files/publications/79-publication.pdf>

² Cvejic, et al. (2016) *Informal Power Networks, Political Patronage and Clientelism in Serbia and Kosovo*, * SeConS, Belgrade, <https://www.secons.net/publications.php?p=32>

³ Last SILC data are available for 2018 and HBS data for 2019.

⁴ <http://www.euro.who.int/en/health-topics/health-emergencies/coronavirus-covid-19/novel-coronavirus-2019-ncov>

⁵ <http://www.euro.who.int/en/health-topics/health-emergencies/coronavirus-covid-19/news/news/2020/01/2019-ncov-outbreak-first-cases-confirmed-in-europe>

⁶ <http://www.euro.who.int/en/health-topics/health-emergencies>

⁷ <https://covid19.rs/%d0%bf%d0%be%d1%82%d0%b2%d1%80%d1%92%d0%b5%d0%bd-%d0%bf%d1%80%d0%b2%d0%b8-%d1%81%d0%bb%d1%83%d1%87%d0%b0%d1%98-%d0%ba%d0%be%d1%80%d0%be%d0%bd%d0%b0%d0%b2%d0%b8%d1%80%d1%83%d1%81%d0%b0-%d1%83-%d1%81/>

⁸ <https://www.propisi.net/odluka-o-proglasenju-vanrednog-stanja/>

⁹ <https://www.propisi.net/skupstina-srbije-izglasala-ukidanje-vanrednog-stanja-u-republici-srbiji/>

¹⁰ <https://covid19.rs/>

¹¹ Ministarstvo rada zapošljavanja, boračka i socijalna pitanja (2020). *O preventivnim merama za bezbedan i zdrav rad za sprečavanje pojave i širenja epidemije zarazne bolesti*. Available at: <https://www.paragraf.rs/propisi/pravilnik-o-preventivnim-merama-bezbedan-zdrav-rad-sprecavanje-epidemije.html>

¹² ILO, EBRD (2020) *COVID-19 and the World of Work: Rapid Assessment of the Employment Impacts and Policy Responses – Serbia*, https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms_754624.pdf

¹³ SORS, Labor Force Survey, first quarter 2020, <https://publikacije.stat.gov.rs/G2020/Pdf/G20201135.pdf>.

¹⁴ SeConS, Impact of COVID-19 on livelihoods of women and men in Serbia, UNFPA, UN Women, 2020.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ All adult citizens of the Republic of Serbia have the right to a one-time financial assistance in the amount of 100 euros in dinars. All recipients of pensions and recipients of financial social assistance are automatically registered to receive financial assistance, and other adult citizens of the Republic of Serbia, who have an active residence in the territory of the Republic of Serbia and a valid ID card, applied themselves. Registration and payment of financial assistance lasted from May 15 to June 8.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

²¹ ILO, EBRD (2020) *COVID-19 and the World of Work*.

²² Ibid.

²³ Ibid.

²⁴ <http://socijalnoukljucivanje.gov.rs/rs/odrzana-online-konferencija-siromastvo-u-periodu-pandemije-covid-19-virusa-i-u-post-kriznom-periodu-u-republici-srbiji/>

²⁵ Ibid.

²⁶ Ibid.

²⁷ Ibid.

²⁸ Ibid.