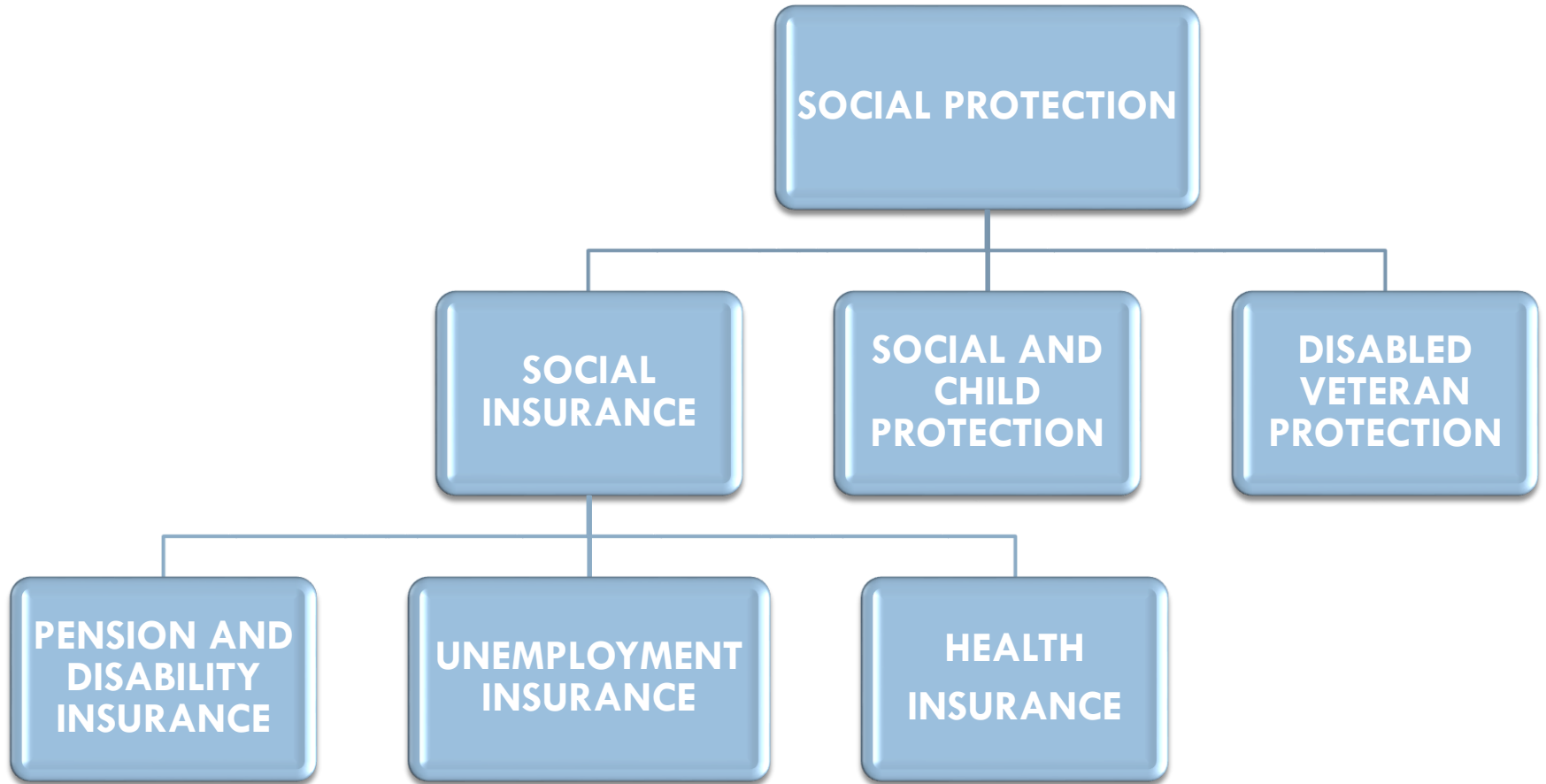# A PATH TOWARD UBI EXPERIMENT IN SERBIA

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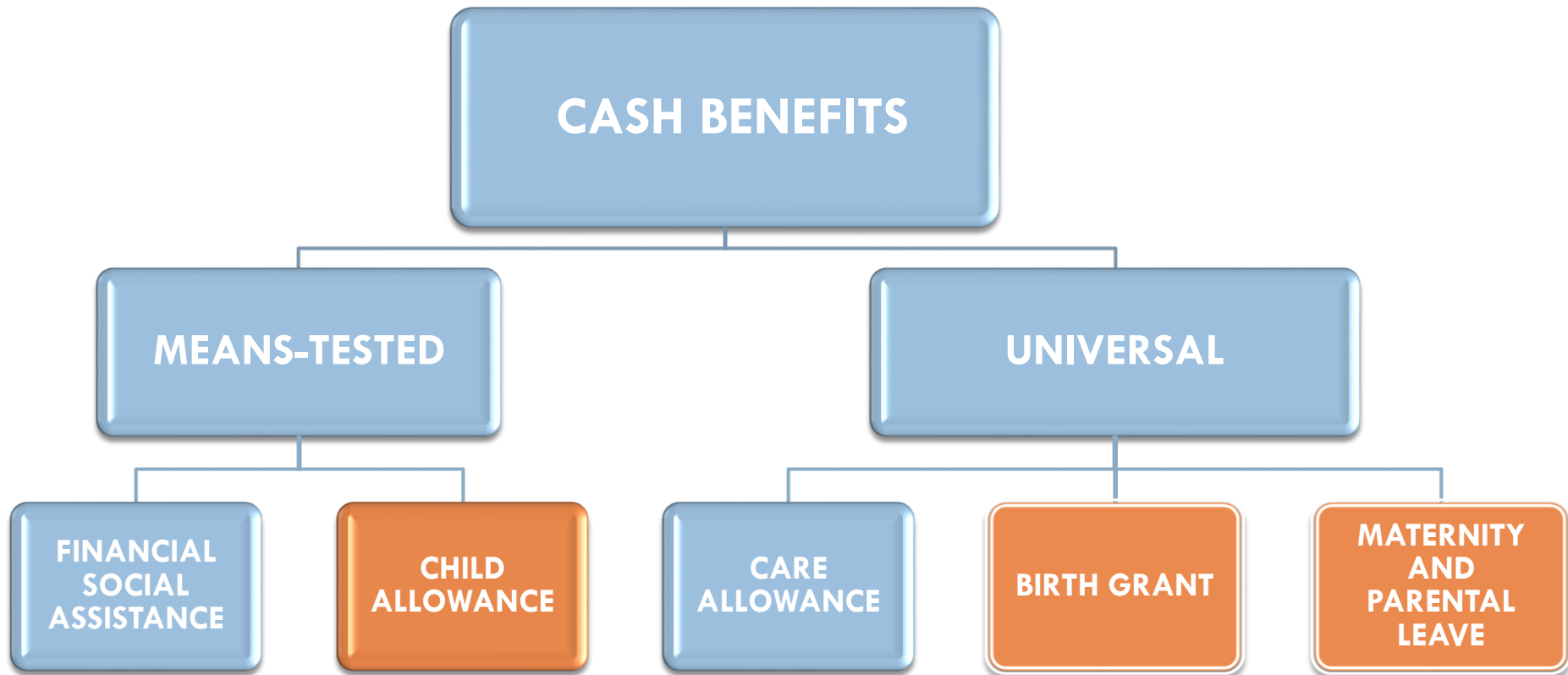# SERBIA – *basic facts*

- Population (2016 est.): 7,058,322

- GDP per capita: 4,904 EUR

- Average net wage: 395 EUR

- Average pension: 193 EUR

- Unemployment rate: 15.9%

- Absolute poverty rate: 7.3%

- Relative poverty rate: 25.5%

- Social protection expenditure 25% GDP

SOCIAL PROTECTION SYSTEM

SP expenditure 25% GDP; 12% GDP pensions; O,6% GDP means tested benefits

SOCIAL AND CHILD PROTECTION NON-CONTRIBUTORY BENEFITS

UBI SERBIA – OBSTACLES AND ADVANTAGES

Obstacles

- Bismarck-type welfare state
- Taxation system – analytic (cedular) taxation
- Widespread gray economy
- Already high welfare state expenditures (% GDP)
- Moral hazard, work disincentives
- EU social inclusion policy
- UBI is in an early stage of experimentation in more developed countries

Advantages

- Benefits consolidation (FSA, CA, LG benefits)
- Lack of administrative capacity for activation and conditional transfers
- Savings on activation-related expenses, administration costs, capacities and resources spent on targeting
- Reduction in exclusion errors and non-take up
- Minimum protection for all irrespective of the employment status

CHALLENGES RELATED TO EXPERIMENTATION

- Scaling-up is far-fetched
- High unemployment – obstacle for measuring disincentives to formal work?
- Government embraced the idea of activation and conditional transfers
- Impossibility to discontinue regular SSN programs and built-in conditionalities
- Limited budget for experimentation
- Certain issues demand experimentation during a very long period

IDEAS FOR EXPERIMENTATION

- Pilot/experimentation in Serbia has not been conceptualized yet
- Current project only provides ideas for experimentation
- Ideas are formulated in line with presented limitations
- Experimentation entails providing basic income for specific vulnerable groups without conditionalities and means test
- UBI inspired experiments may trigger SP reforms

IDEAS FOR EXPERIMENTATION

Experiment	Focus	Universal	Challenges
Substandard (Roma) settlement	Poverty reduction Work motivation Consumption patterns	YES (area based targeting)	Resources; Experimentations with activation
Basic income for persons with disability	Poverty reduction Work motivation	YES (categorical targeting)	Legal changes
Youth leaving care system	Poverty reduction Work motivation Education	YES (categorical)	Limited number of observations
Guaranteed pension for 75+	Poverty reduction Collection of PI contributions	YES (no pension income)	Duration of experiment; Resources

DILEMMAS

Depending on the chosen path different dilemmas occur:

- Level of income support (absolute poverty threshold for single HH?)
- Treatment of children in HH
- Top-up of the existing benefits - treatment of in-kind benefits such as books for children from FSA families; soup kitchen; assisted living
- Status of new potential beneficiaries
- Duration of the experiment