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
SP expenditure 25% GDP; 12% GDP pensions; 0.6% GDP means tested benefits
SOCIAL AND CHILD PROTECTION NON-CONTRIBUTORY BENEFITS

CASH BENEFITS

MEANS-TESTED
- Financial Social Assistance
- Child Allowance

UNIVERSAL
- Care Allowance
- Birth Grant
- Maternity and Parental Leave
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

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