



COVID-19 Socio-Economic Impact Assessment



COVID-19
RESPONSE



COVID-19 Socio-Economic Impact Assessment



FOREWORD

The year 2020 will be remembered as a turning point in the history of modern society. The year when the whole world - every one of us - was impacted by a crisis that has had far reaching consequences on our lives, bringing global uncertainty and challenges not seen since World War II.

While the coronavirus ("COVID-19") has brought intense suffering to many families and communities in Serbia and around the world, it has also brought some unforeseen positive side effects, from clear blue skies in dense urban environments to unprecedented levels of innovation and solidarity.

We have already learned a lot from this crisis, and we know that it has the potential to induce a change for the better. We are at a moment where our collective and individual futures are in our hands, with a once in a lifetime opportunity to not just recover but build forward better.

As we restore health systems, we can simultaneously accelerate progress towards sustainable development. The crisis has given us good examples, from e-commerce to the widespread emergence of technology-supported work from home and remote schooling arrangements to stronger connectedness and solidarity among people and communities. To be able to identify and scale up new solutions we need to first understand the impact of the pandemic on people, institutions, business, and the environment in which we live.

This report provides a comprehensive overview of COVID-19's impact in Serbia. It captures the situation in the first six months following the outbreak, based on official data and specific surveys conducted by UN agencies and other civil sector research. The report serves to inform the choices we make and actions we take in the coming period. These decisions will determine the outcome of this pandemic and the development of the region for decades to come.

This report is the result of a broad, collaborative effort involving UN agencies and programs, the Government of Serbia, and representatives of both businesses and civil society. It will be used by the UN family and beyond to identify and propose short and long-term recovery solutions, with a focus on the most vulnerable groups and those who risk being left behind.

Globally, the UN has made a concerted effort to support countries, Serbia included, in emergency response to COVID-19 and now in preparation for socio-economic assessments of its impact. The crisis is not over yet, and we will continue to monitor future consequences.

The UN Secretary General's Call for the Decade of Action to accelerate sustainable development goal implementation resonates now more than ever: we need health security, improved well-being and equality for all, a green recovery and stronger resilience of society and the economy to future potential shocks.

We look forward to working with our partners in Serbia and the region,
on our shared response together.

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United Nations Resident Coordinator in Serbia

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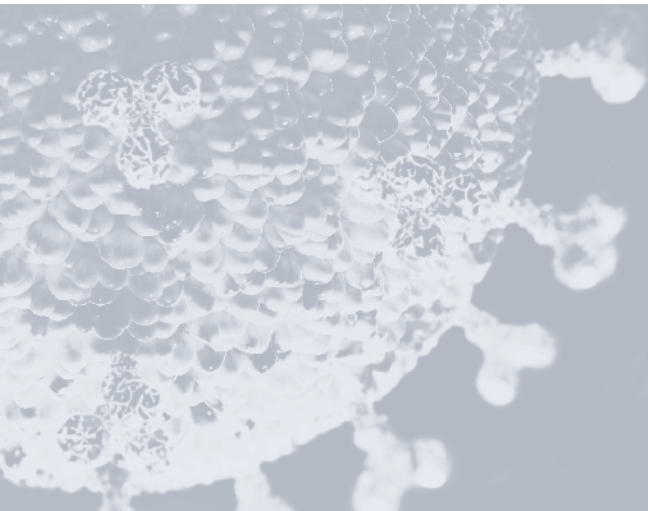
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OVERVIEW

In response to the unprecedented global crisis caused by COVID-19, the United Nations (“UN”) mobilized its full capacity across countries with a focus on three main areas: healthcare response, humanitarian response and socio-economic response. This socio-economic impact assessment is part of the UN’s socio-economic response and was conducted as part of a broad partnership among the UN Country Team in Serbia, under the leadership of the Resident Coordinator and technically led by the United Nations Development Program (“UNDP”).

This assessment provides an in-depth overview of the impact of COVID-19 on key economic and human development perspectives: health, social protection and provision of basic services, jobs and the economy, macroeconomic stability, community cohesion, governance and resilience, and the environment. It is framed around the UN Secretary-General’s framework for an immediate socio-economic response to COVID-19; it promotes more sustainable development and an opportunity to build forward better in the aftermath of the crisis, with an end goal of accelerating achievement of the 2030 Agenda for Sustainable Development (the “Agenda 2030”).

The crisis is ongoing, and its outlook remains uncertain with the socio-economic impacts of COVID-19 evolving. Such circumstances require continuous monitoring and the ability to quickly respond and adapt. This report flags the increased social and economic risks and vulnerabilities in the country caused by the COVID-19 crisis. It will be used by the UN family and others to identify and propose short and long-term recovery solutions and ways forward, in the spirit of “building forward better.”

MAIN FINDINGS

There have been two peaks to the COVID-19 outbreak in Serbia, in April 2020 and July 2020, and both have significantly impacted our health, financial security, and the way we live and work.

While both outbreaks were contained to relatively manageable levels by the Government of Serbia (the “government” or the “GoS”) implementing restrictions, there are important ongoing implications of COVID-19 to the Serbian economy and Serbian society.

Both the economy and society in Serbia were significantly impacted by the COVID-19 crisis, but they did show short-term resilience in being able to rebound.

The crisis brought strong year-over-year (“YoY”) contraction of gross domestic product (“GDP”), at its highest at a rate of 6.4% in the second quarter of 2020, and a month-over-month (“MoM”) decline of GDP as high as 9.2% during the second quarter of 2020 compared to the previous quarter of 2020. A total of 94,100 jobs were lost in Serbia during 2020 and there was a decline in average actual working hours during the week by 7.5% during the second quarter of 2020 compared to YoY levels (SORS, 2020c). As an immediate reaction to the crisis in March 2020, businesses dismissed mostly men (58,400 men lost their jobs during March 2020 compared to 2,500 women), while the second quarter of 2020 overall saw an opposite trend as businesses adjusted more long-term to the crisis (where, in the second quarter a net 34,700 women lost their job compared to a net increase of 1,500 more jobs for men).¹ There was a particular drop in jobs participation rates in the second quarter of 2020, with 185,200 individuals in the “working age” population reporting they were either not actively working or not actively looking for a job. While the economy has still not recovered

¹ Men represent a predominant part of the labor force in business and infrastructure sectors while women dominate the care-economy and education sectors (SORS, 2019).

from the initial shock of the crisis, businesses indicated that they were able to secure their finances to withstand the first phase of the crisis, and data regarding industrial production and exports indicate that economic activity has slowly picked up in the May 2020 – July 2020 period. Similarly, the crisis increased the proportion of already vulnerable populations whose jobs might be significantly threatened if the crisis persists, increasing this proportion from 31% pre-crisis to 35% post-crisis. Households have coped during the crisis through various strategies and thanks to community support, but it is unclear how long they can rely on these reserves.

Despite many negative consequences of the crisis, local communities, businesses, and civil society organizations demonstrated a significant will to engage and help the economy and society.

Local communities across Serbia extended support in many ways, including through donations and volunteering platforms that gathered several thousand volunteers to support older people, among others, whose movement was fully restricted due to physical distancing measures put in place. Many large companies independently either donated finances to combat the crisis or donated their products and services, such as beds, mattresses and bed linen sets to hospitals and social institutions, free short holidays for medical staff in spa centers, food products and technical capacity for building innovative solutions in institutions on the frontlines of responding. The Serbian Chamber of Commerce with its network of regional offices acted as a direct channel for impacted companies, having touchpoints with these companies daily to help listen to their needs and guide them through the crisis. The Red Cross of Serbia provided direct aid, particularly in activities which included mass volunteering and daily individual support to the most vulnerable populations in need of health support. Even the Serbian diaspora abroad had many initiatives through which community members offered their financial and technical support to those affected by COVID-19 in Serbia.

The government and the National Bank of Serbia (the “NBS”) reacted quickly and provided fiscal and monetary support for easing negative effects of the first wave of COVID-19.

The measures introduced had a particularly important and positive effect on affected businesses’ liquidity and in disincentivizing them to dismiss workers. The stimulus measures that were introduced helped secure workers with a certain minimal level of salaries and allowed for postponement of payment obligations at the consumer level for those individuals with debt. **Still, the stimulus measures** (except for in some instances, the one-off distribution of 100 EUR

per person) **did not reach all the poor and vulnerable and did not include incentives to support environmental priorities.** Particularly vulnerable populations included informal workers, small farmers, families with children, single parents, children, the elderly, and residents of substandard settlements (particularly the Roma population).

The path of social and economic recovery in the years following the COVID-19 outbreak is highly uncertain. If the pandemic continues, a continued downturn might be expected.

In addition to being vulnerable to contagion within its borders, Serbia remains exposed to the external economic shocks that might come from the European Union (the “EU”), which is its dominant trading partner. If the EU area is faced with either persistent new spreads of the virus, or with a postponed market reaction resulting in a strong economic downturn by the end of this year or in the following year, then these factors might affect the Serbian economy and moreover the overall social wellbeing of Serbia’s citizens.

Rather than just recovering to pre-COVID-19 levels, Serbia has an opportunity to build forward better, including integrating elements of a green recovery, increasing the resilience of the economy and society to future potential shocks and improving well-being and equality among its citizens.

The UN global COVID-19 crisis response is designed to support governments in looking beyond immediate recovery with an eye towards longer term development goals and the Agenda 2030, and can be identified in five broad recovery areas: health systems, social protection, jobs, the economy (including the green economy), and overall resilience. In these aspects, the crisis has shown that there are solutions that can simultaneously help fight the pandemic and progress towards sustainable development. E-commerce has emerged as an immediate response by businesses to lockdown measures; smart work (including use of technology-supported work from home arrangements) has accelerated connectedness with international communities much more than prior to the crisis; use of technology has increased information flow and aided in the management of multiple stakeholders’ communications; and the temporary fall in air-pollution (spurred by physical distancing measures, reduced travel, and reduced public activities) can serve as a starting point for building sustainable cities well beyond this recovery period.





April 2020,
Empty highway in Belgrade after the lockdown and curfew
for the prevention of COVID-19 outbreak

Fiscal support from the government or other sources in the future needs to be targeted and invested strategically in priority sectors, including health, IT infrastructure for education and the economy, and green incentive programs encouraging the most environmentally responsible transformation.

Recent events led to the announcement of a second fiscal stimulus, to be administered by the government by the end of 2020. While this is a crucial time to react in helping the Serbian economy and society, the government also needs to ensure that the support it is providing is efficient and sustainable. The need for continuous governmental support significantly reduces fiscal space in the country's budget each time it is enacted. Currently, public debt in Serbia is estimated at 59% of GDP, and fiscal deficit at 7% of GDP. While there is still budgetary space for additional stimulus, this space is increasingly constrained given the many priorities vying for support. In order to maintain the remaining available budget space for future support in the next year or two, Serbia needs to enact a more selective approach to its fiscal support measures and be very efficient in targeting those that are most in need.

COVID-19 exposed a need for improved and more flexible governance mechanisms and institutional capacities, both on the local and central levels.

A crisis of this scale leaves all countries without full human and institutional capacity to handle it. Governance becomes crucial, while the complexity of the crisis demands responsiveness, flexibility, and agility to address social and economic needs that are evolving. There is a particular need for innovation and tech-oriented solutions to governance issues that can also aid in transparency, information flow, and inclusiveness.

Informed decision-making requires readily available data on actual needs as well as capacity to respond to those needs; essential to this is having various channels for transparent communication and a dialogue between citizens and the state.

Timely and good quality data on what is happening with the economy and society is critical to informed decision-making. To date, information on the most affected populations, including age groups, gender, or socio-economic or geographical distribution of tested and confirmed cases of COVID-19, has not been readily available. In many cases stakeholders lacked channels of communication to express their needs and priorities to local institutions charged with responding to the crisis in local communities. Some restrictive measures to suppress the spread of the virus were questioned by the wider group of stakeholders during the emergency. As Chapter 1 ("Health First – Impact on Health Services and Systems") and Chapter 5 ("Social Cohesion and Community Resilience") show, most measures were consistent with those imposed in other countries where the crisis was manifesting itself in a similar way.

A successful response to the crisis requires improved efficiency in coordination and cooperation between different institutions and stakeholders both at the local level and between local and central institutional stakeholders, as well as active participation of civil society organizations. In the following section we will present summarized findings from this report, as they relate to the key response dimensions presented in the **six main chapters that follow**:



- | | |
|--|--|
| <p>1 Chapter 1: Health First – Impact on Health Services and Systems, focusing on the crisis’ impact on public health;</p> | <p>4 Chapter 4: Macroeconomic Response and Multi-lateral Collaboration, reviewing current status and recommendations for securing the continued stability of macroeconomic fundamentals;</p> |
| <p>2 Chapter 2: Social Welfare and Protecting People, addressing social exclusion by bringing the most vulnerable into the fold of the COVID-19 response;</p> | <p>5 Chapter 5: Social Cohesion and Community Resilience, assessing the impact of the crisis on operations and decision-making processes at the local level, and with local and national governance institutions; and</p> |
| <p>3 Chapter 3: Jobs, Economic Response and Recovery, looking at the impact of the crisis on jobs and economic activity, including a basis for recommendations towards a more green, inclusive and sustainable growth strategy;</p> | <p>6 Chapter 6: The Green Impact of COVID-19 – Its Impact on the Environment and Climate Change in Serbia, emphasizing the role that building forward better can play in improving outcomes for the environment and climate protection.</p> |

CHAPTER 1: HEALTH FIRST

– **Impact on Health Services and Systems**, indicates that the government responded relatively quickly and effectively to the first phase of the pandemic, allocating resources, introducing restrictive measures and equipping medical personnel, mitigating the worst of potential health impacts. However, the easing of physical distancing and other restrictions was premature and led to a resurgence of the virus, particularly in July 2020 and August 2020. In late August 2020, the measures imposed by the government to stem new reported cases started to bear fruit, as the virus was contained within relatively manageable boundaries. The health system was faced with two key challenges:

1. insufficient capacity of the public health system to identify, isolate, test, and treat all cases of COVID-19 that emerged, and moreover to trace and quarantine applicable contacts of those infected and
2. insufficient capacity to dual-track efforts and provide regular health services while at the same time aggressively treating and addressing COVID-19 as an overarching national health crisis.

Additionally, all non-essential health procedures (including diagnostic or treatment, as well as elective surgeries) were temporarily suspended during the State of Emergency and only gradually reintroduced as macro-health conditions improved. Patients turned away from such diagnostic and treatment services during this time were particularly affected, as they were prevented from using public healthcare services and had to turn to private health services, which ultimately further increased the burden on private households for “out-of-pocket payments” and expenses (non-reimbursable payments directly incurred by the patient). During this time approximately 27% of women and 19.9% of men experienced

difficulties in accessing health services (UN WOMEN 2020; UNFPA, 2020). These barriers were even more pronounced among young people, 54% of whom confirmed that they had restricted access to health services due to the crisis (UNICEF, 2020i). Mortality on a YoY basis did not increase during the months of March 2020, April 2020, and May 2020 (during this time period the number of deaths was, in total, 3% lower than the same period YoY (SORS, 2020e). During the months of June 2020 and July 2020, the overall number of deaths from all causes was instead 14.2% higher compared to the same period YoY (Ibid.).

CHAPTER 2: SOCIAL WELFARE AND PROTECTING PEOPLE

– Provides an assessment of the impact of COVID-19 to the functioning of the social welfare system, including access to services for vulnerable groups and disruption in access to learning. Serbia’s projected fall in GDP will have a negative impact on the already strained social protection budget in the country. Depending on the trajectory of the crisis, 125,000 to 327,000 citizens of Serbia could become newly poor (WB, 2020b). The adequacy and coverage of welfare state expenditures, currently accounting for around 25% of GDP, will have to be revisited, as the initial wave of the crisis has revealed some weaknesses in governmental support schemes (Matković G, 2018). The “health first” approach was primarily employed in the fight against COVID-19 and it viewed the crisis through a social lens anchored on preventing infection among older persons. The government recognized the over 65 population as the most vulnerable to infection and introduced a number of measures to protect them as a group. These measures proved to be effective in protecting against infection, as only 2.64 % of people residing social protection institutions and 2.68 % of their re-

spective employees were infected by May 13, 2020 (a date that marks a high point of the crisis) (IDWG, 2020). On the other hand, the general lockdown policy and physical distancing restrictions negatively affected the provision of other general and community-based social services for many vulnerable groups across Serbia and challenged the effectiveness of social welfare programs. Children and young people were not recognized as a group particularly at risk, but as potential virus transmitters who could (sometimes unwittingly) more quickly spread COVID-19 among those they interacted with.



Kindergartens, schools, and universities were closed early in the crisis to try and prevent this. **The entire education system switched to remote teaching and learning, affecting over 1.2M children and young people across the country (GoS, 2020e).**

The number of reported cases of domestic violence decreased during the State of Emergency, while psycho-social support to women in situations of violence provided through emergency helplines increased by 30% compared to the pre-COVID-19 period (UN Women, 2020). The stimulus and social protection measures introduced by the government consisted of a combination of cash and in-kind assistance, but many groups who needed assistance most direly found themselves left out of or under-included in benefits programs, such as families with children, children, residents of substandard housing settlements (primarily Roma populations), the homeless or those at risk of homelessness, and those who do not possess personal identification and travel documents. Social services were already insufficiently available across all municipalities before COVID-19 and many of them were halted entirely with the COVID-19 outbreak. Systematic gender gaps in accessing social services were observed, with women more frequently reporting difficulties in accessing benefits and services. Within the limited fiscal and budgetary space stakeholders will need to

rely on both existing and new, innovative methods and tools to ensure that those who are at the greatest risk of poverty and social exclusion do not fall behind even more so in the shadow of COVID-19.

CHAPTER 3: JOBS, ECONOMIC RESPONSE AND RECOVERY

– Reveals that the Serbian economy was hit hard but businesses were able to pick up in the short-term. The severity of the impact to the Serbian economy was moderated by a robust macro-economic environment, the distinctive structure of Serbia's economy (in that Serbia has not historically relied heavily on sectors most affected by the crisis such as tourism and financial market investment products), and Serbia's relatively lower integration into global supply chain networks. Companies demonstrated short-term resilience through relatively fast operational and financial adjustments.

The majority of companies switched to remote work and where this was not possible, due to the nature of the work, as many as 85% of companies introduced physical distancing measures (CEVES, 2020).



The marked liquidity shock to businesses was buffered primarily by businesses' own financial reserves (63% sustained the crisis this way) (CEVES, 2020), while the government's fiscal measures to protect businesses were also generally well received. In addition to the jobs lost thus far, the jobs that remain are still subject to a significant drop in productivity due to adjusted working norms and a high loss in the overall number of working hours being contributed to the economy (estimated at a loss of 510,000 full time equivalent ("FTE") work hours in the second quarter of 2020 alone) (SORS, 2020c). While the economy showed solid resilience, the negative impacts were felt in certain industries,

such as in hospitality, culture and entertainment, transport, and automotive industries. Workers in the informal economy and in small and medium sized farms, both of which did not have access to government assistance, were also severely hit. Economic resilience in the longer term is not certain. If the pandemic is not contained, the negative economic impacts could grow as financial resources are depleted to both deal with the health aspects of the crisis but also the impact to individuals and businesses. Continued investment in small and medium sized enterprises (“SMEs”) to improve broad access to finance, digital transformation, e-commerce operations and delivery infrastructure will pay dividends in the future. Early signs suggest a move towards geographically closer supply chains.

CHAPTER 4: MACROECONOMIC RESPONSE AND MULTILATERAL COLLABORATION

– Indicates that the Serbian GDP in 2020 is expected to drop on an annual basis between 3% – 5.3% YoY, primarily due to an expected fall in remittances, foreign direct investments, exports, as well as in personal and corporate expenditure and investments. While significant, this drop is relatively smaller compared to many other European countries. The government’s fiscal measures were timely and responsible, leaving Serbia’s overall fiscal position sustainable, provided there is continued and sustained economic growth in the following year in 2021. The universal cash handout implemented by the government of 100 EUR per person provided fast relief but could have been more impactful and fairer had it specifically targeted those in need and included income or other eligibility thresholds. By the end of 2020, Serbia’s fiscal deficit is projected to increase from the expected 0.5% of GDP before the outbreak of the pandemic to a full 7% of GDP, in line with the trends in other countries, all the while public debt is estimated to rise from 49% of GDP to between 59% and 60% of GDP, which is still relatively low compared to other EU countries (Eurostat, 2020f). Serbia therefore retains some fiscal and budgetary space for introducing further support measures, albeit carefully managed and in an increasingly small space to do so. In the future, liquidity will be an important issue in determining the resilience of the economy. The lack of development of the financial and capital markets in Serbia and Serbia’s limited access to diverse sources of financing could preclude greater resilience to future shocks and halt an even faster recovery from the COVID-19 crisis, as well as inhibit Serbia’s transition to a circular, green and inclusive economy. The COVID-19 crisis and the monetary policies that were enacted in the aftermath to contain the shock, at domestic, regional, and international levels, will further increase the Serbian private sector’s dependency on credit rather than equity financing. A renewed emphasis on ongoing reforms in the financial sector, and related accompanying measures, will ultimately strengthen Serbia’s recovery

and sustain progress towards the achievement of Sustainable Development Goals (“SDGs”) in Serbia.

CHAPTER 5: SOCIAL COHESION AND COMMUNITY RESILIENCE

– Sheds light on community resilience aspects and the impact of the crisis on social cohesion within communities, with an additional focus on household coping strategies and local institutional capacity in managing COVID-19. Local communities and households showed resilience during the first wave of the crisis, but for the most vulnerable in poor and less developed regions it was particularly hard to cope. The lockdown measures and physical distancing to discourage further spread of the virus, including both work and mobility restrictions, created an impact on household income and consumption patterns, particularly for working families and for households that rely on remittances. Households often reduced their spending to basic needs, while for some, coping sometimes included a violation of the temporarily imposed physical distancing and mobility restrictions in order to get to work or care for loved ones. Most local services, including cosmetic and hair salons, craft workshops, mechanic shops, and cafes, were temporarily closed. The negative impact of the lack of public transport during the restrictive period particularly affected rural households, women, and commuting workers. While many of these consequences were eased once the restrictions were lifted and physical distancing less stringently enforced, pressure on jobs and incomes was not eliminat-

April 10, 2020
Private sector donation



ed entirely. Local institutions had an effective immediate response to the crisis, mostly managed by the national level institutions charged with responsibility for that area, while local self-governments (“LSGs”) had frontline operational roles in administering priorities set by the national level institutions. Due to the absence of an adequate local governance framework the overall crisis management process was mostly *ad hoc* and depended on the individual human and financial capacities of LSGs themselves.

There was a significant variation in the overall institutional capacity to respond to the crisis at the local level across the country. The municipalities with weak capacities saw those weaknesses exacerbated during the crisis. For example, social protection coverage was weak and worsened at the local level during the pandemic, partly due to the lack of capacity of relevant local institutions to identify those hit hardest by the crisis and develop new ways to help them. The pandemic placed new constraints on social cohesion and political engagement, with the absence of democratic institutions such as the National Parliament from the decision-making process at national level. These concerns were addressed progressively, throughout the crisis. The initial gap in social dialogue and democratic engagement on COVID-19 response was reflected at the local level, where most LSGs did not include civil society organizations (“CSOs”) in their emergency task forces or decision-making process. Nevertheless, local CSOs played an important role in humanitarian work, providing support to vulnerable groups, providing access to relevant and timely information, and providing free legal support and consultations. Associations, networks, and businesses stepped in by providing support and donations to communities and local institutions.

CHAPTER 6: COVID19 IMPACT ON THE ENVIRONMENT AND CLIMATE CHANGE

– Shows that restrictions and other suppression measures enacted to curtail the pandemic resulted in short-term environmental gains, such as a fall in air pollution and a fall in greenhouse gas emissions. However, there were also numerous adverse effects to the environment and Serbia’s progress on environmental issues. Reduced overall public spending as a result of budgetary reallocations has negatively affected highly needed investments in environmental protection projects, such as those in wastewater treatment, waste management and maintenance of protected areas. Investments in renewable energy received a blow when favorable tariffs were removed during this time period, with the result being that companies needed to compete with fossil fuels on the market, negatively impacting biomass rates in particular. The government support measures to companies during the crisis were blind to environmental criteria, missing an important opportunity to support Serbia’s

transformation to a greener economy. The opportunities, however, lie in a green recovery in the context of Serbia’s EU accession process. The EU is about to legally mandate its transition to net-zero emission goals by 2050, decoupling growth from resource use and leaving no one behind in this process. This EU “Green Deal,” whose goals are aligned with Agenda 2030, will likely impact Serbia regardless of the pace of its progress towards full EU membership. Serbia’s recovery from COVID-19, if tailored to support a greener, less resource intensive and less polluting economy, should help Serbia to become more competitive in the global market and more resilient to future shocks and crises. In turn, the regional goals of decarbonization and decoupling of growth from resource use and energy intensity could sustainably improve air quality and reduce greenhouse gas emissions in Serbia over the long run.

APPROACH

This current report is set within the overall UN COVID “recovery pathway” framework and follows the initial analysis and programmatic activities carried out by the UN system which began in March 2020 following the outbreak of the crisis. This assessment is based on official data related to the impact of COVID-19 and provided by government institutions as well as a series of specific assessment and surveys conducted by UN agencies and other research conducted by civil society organizations.

This data and this report are mainly focused on the period from March 2020 (when the first COVID-19 case was confirmed in Serbia) to May 2020. When data is available, the period observed was extended to June 2020 or July 2020. This report primarily looks at the impact of (i) the spread of virus and (ii) suppression measures enacted to curb the spread of virus. The report’s findings and assessments can be viewed through the lens of the following phases of the crisis in Serbia, both historically and forward-looking towards full recovery and sustainable development, and the UN’s role in Serbia in each phase:

PHASE 1

UN Country Preparedness and Response Plan (“CPRP”) (March 2020 - June 2020).

The UN agencies in Serbia conducted an analysis of needs and gaps during the initial phase of the pandemic and proposed a response to the health and humanitarian crisis. A subsequent review report of this initial analysis and its recommendations was produced in June 2020.

PHASE 2

UN Socio-Economic Impact Assessment – Understanding the Mid and Long-Term Impact of COVID-19 (April 2020 – ongoing).

The UN agencies in Serbia conducted this report, a specialized assessment focused on mid and longer-term impacts of COVID-19 on broader areas of the economy and society in Serbia. The methodology of this report includes the following:

- A data collection and fact-finding report with joint inputs from the government and UN Agencies;
- A review from an industry and sectoral perspective to identify the hardest-hit economic sectors and come to a tentative estimation of losses;
- Specific thematic assessments of COVID-19’s impact on different areas, conducted by various UN agencies and including various field-based assessments in Serbia and in the broader Western Balkans regions, according to each agency’s mandate and scope of work; and
- Preparation of the Socio-Economic Impact Assessment (this current report) to present a comprehensive and concise picture of the impact of the crisis to date, to allow for informed decision-making for future phases of the crisis.

PHASE 3

COVID Recovery Strategy (September 2020 - October 2020).

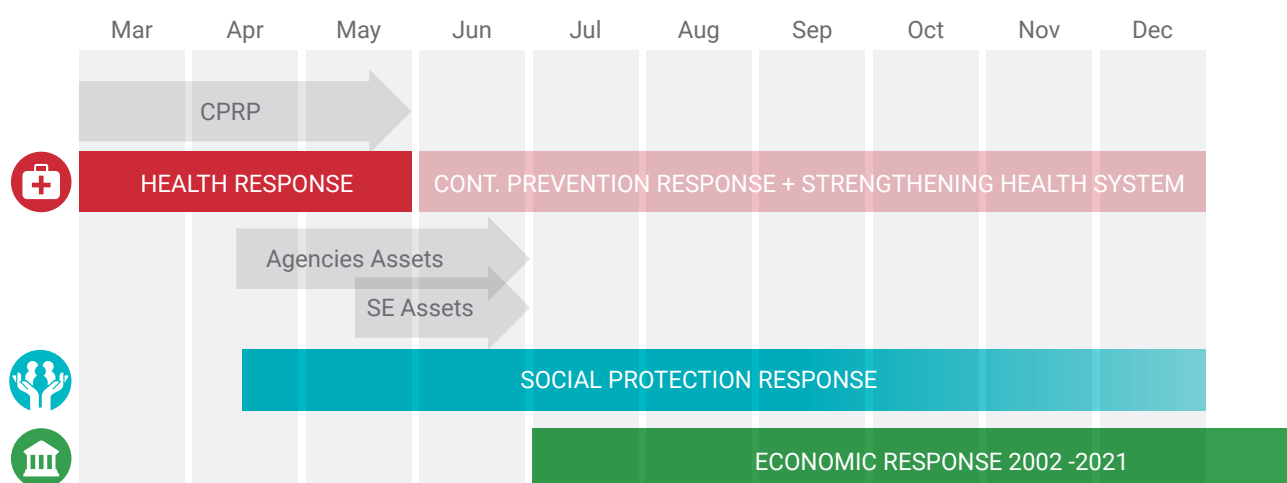
Based on recommendations included in the Socio-Economic Impact Assessment (this report), UN agencies will develop further strategic and programmatic action during this period.

PHASE 4

Resource mobilization, implementation by UN agencies, counterparts and partners - Monitoring of COVID-19’s Impact through Socio-Economic Indicators and Adjustments to the Response (ongoing).

PHASE 5

Integration of Long-Term Recommendations in the UN Cooperation Framework (2021-2025) to be presented to the government in November 2020.



PHASES OF RECOVERY:

UN Agencies’ Role and Approach





1



Health First - Impact on Health Services and Systems

CHAPTER 1

COVID-19: THE EPIDEMIOLOGIC SITUATION AND SERBIA'S MULTISECTORAL RESPONSE

The early response to COVID-19 in Serbia was grounded by a strong preexisting framework of public health laws. Adequate emergency response and disease surveillance systems, highly skilled teams of experts in the National Institute of Public Health (the "NIPH"), and the network of 24 district institutes of public health ("IPHS") helped to delay the start and the magnitude of the outbreak.

On March 6, 2020, the first confirmed case of COVID-19 was reported in Serbia (from Vojvodina, the northernmost province of Serbia). The patient had a history of travel to Hungary and Italy, and the infection was considered an "imported" case. The patient was examined, tested, isolated (later hospitalized) and all their contacts were identified, traced and put under epidemiological surveillance as well. **Through September 8, 2020, there have been 31,941 confirmed cases of COVID-19 in Serbia resulting in 661 deaths** (WHO, 2020b) ([Figure 1](#)).

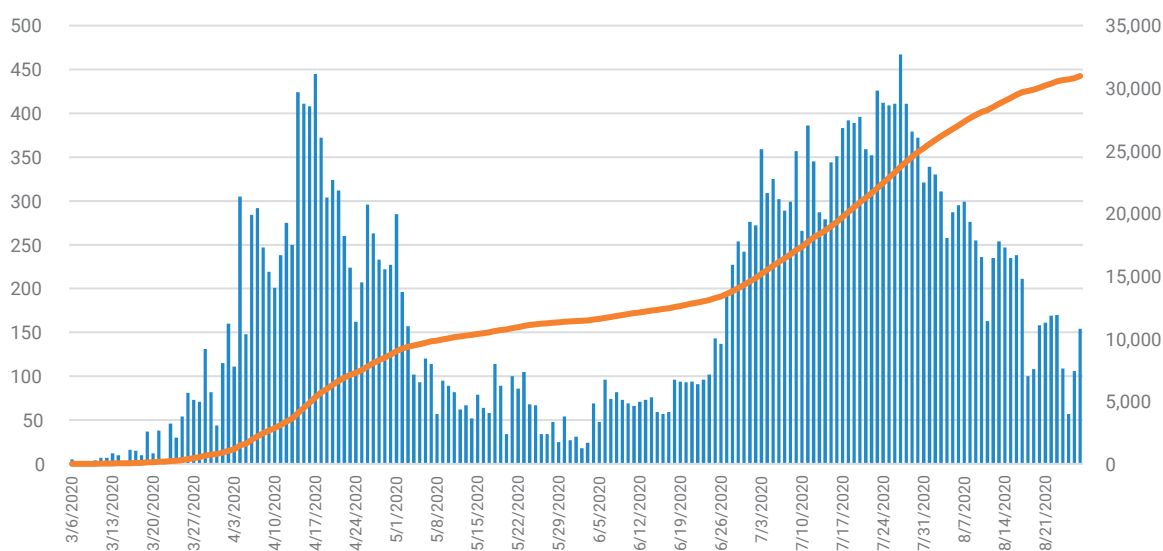


FIGURE 1:

COVID-19 Data for Serbia (WHO, 2020b)

On March 15, 2020, a State of Emergency was declared across Serbia (GoS, 2020a) implicating martial law with active deployment of the army, including at the borders, and a substantive lockdown of public life with the closure of all schools, kindergartens, universities and sports facili-

ties. Foreign nationals were asked not to visit Serbia and all Serbian citizens returning from any country worldwide were put into mandatory 14-day self-isolation, with a required 28-day self-isolation for those returning from areas with high COVID-19 transmission rates (GoS, 2020e). Public gath-

ings with more than 50 people were banned and working hours for coffee shops, restaurants, and bars were reduced. A public education campaign called “Stay at Home” was launched and was widely promoted on the internet and across national TV channels.

Later in March 2020, new measures were introduced in workplaces to ensure workplace safety and curfews for all citizens were introduced, which included a complete ban on movement for all citizens over the age of 65 in areas with more than 5,000 inhabitants and a complete ban on movement for all citizens over the age of 70 years in areas with less than 5,000 inhabitants (given the higher risk of serious side effects for older population groups). These measures were introduced as cases saw a steep rise during the month of April 2020 (GoS, 2020e). The first daily peak in the number of new cases was reached on April 17, 2020 (with a high of 445 newly diagnosed cases) followed by a stabilization or plateau of cases following that (with approximately 200-300 new cases per day during that time) (WHO, 2020b). During May 2020, a decreasing trend in the number of new cases was observed. On May 6, 2020, Parliament approved the lifting of the State of Emergency. The large-scale restrictive public health measures were lifted gradually during the month of May 2020 and the number of daily reported cases dropped down to a record low since the crisis began, with only 18 newly diagnosed cases on June 2, 2020 (Ibid.).

However following that, and during the month of June 2020, the number of cases started to increase, to a doubling of the number of weekly reported cases by the last week of June 2020 and reaching the second peak of daily new cases on July 27, 2020 with 467 new confirmed cases (Ibid.).

As the epidemiological situation began to deteriorate, the government reintroduced selected measures and a selective State of Emergency in the most affected cities and areas. On September 9, 2020, the Ministry of Foreign Affairs sent an official letter to all foreign diplomatic missions based in Serbia, informing them that 21 institutions in the country were currently performing real-time PCR tests for confirming cases of COVID-19,² and there are plans to expand the laboratory testing network even further (as of September 8, 2020 a total of 984,798 tests have been performed)³.

THE EARLY PHASES OF THE PANDEMIC

The Serbian health system was undoubtedly overburdened by the increasing number of patients in the first few weeks of the pandemic necessitating complex and lengthy medical assistance. After the initial disarray and changes required to logistics and resources, a problem which was in no way unique to Serbia, the outbreak was then contained within relatively manageable boundaries and the level of health services began to markedly improved. **Three important factors** helped the Serbian health system overcome the first dramatic phase of the emergency.

The first was the **relatively larger amount of available resources** throughout public hospitals in Serbia when compared to the public hospitals of many of its regional neighbors. For example, Serbia has more doctors and hospital beds and a negligibly lower percentage of healthcare expenditure than Bosnia and Herzegovina, although fewer nurses than Croatia (*Figure 2*).

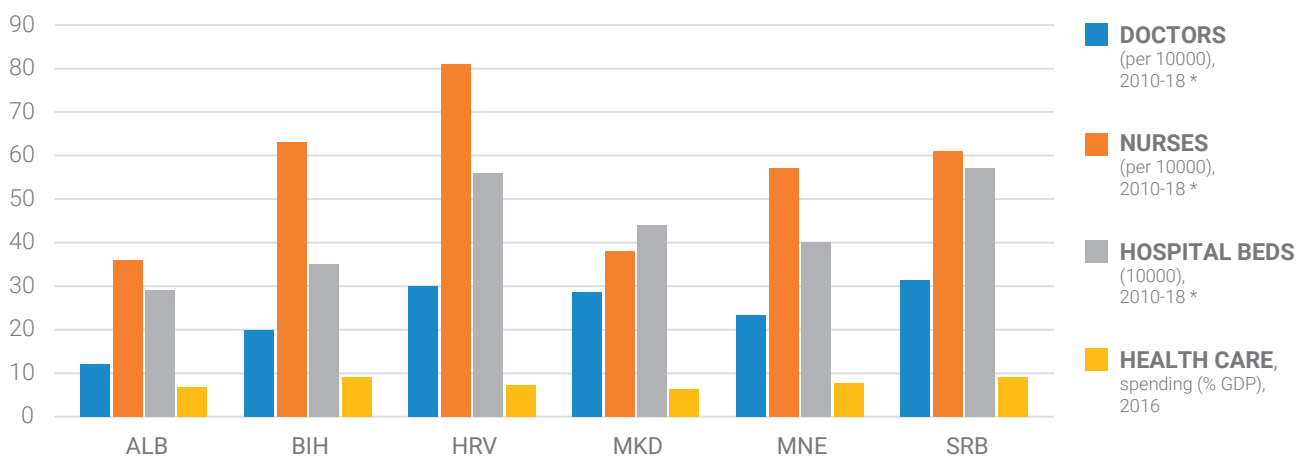


FIGURE 2:
Health System Capabilities Across Western Balkan Countries (UNDP, 2020b).

2 The circular was sent by the Foreign Affairs Diplomatic Protocol unit of the Ministry of Foreign Affairs of the Republic of Serbia via the official Circular Letter (Circ. No. 1483/2020).

3 For more information, see <https://covid19.data.gov.rs/>



The second factor was the **heavy restrictions** imposed by Serbia and the timing with which they were introduced (see

Box 1 for a summary of the restrictions and containment measures enacted).

BOX 1:

CONTAINMENT MEASURES (MARCH 15, 2020 – MAY 31, 2020)

The government declared a national State of Emergency on March 15, 2020. Over the following days and weeks, the below restrictions and containment measures were progressively enacted:

- Curfews, including a ban on movement by citizens during weekends and between 17:00 in the evening and 05:00 in the morning during weekdays;
- Total restrictions on movement, including a ban on movement for citizens over the age of 65 (or over the age of 70 for more rural, less populated areas);
- The closure of all border crossings, including air, land, and river border crossings, all of which were closed except for transport crews and persons with special permits;
- The closure of airports, except for cargo and mail transport, search and rescue operations, humanitarian and emergency medical transport flights;
- School closures, including across kindergartens, schools and universities, all of which were closed;
- Closure of public spaces: cafes, bars, restaurants, shopping malls and farmer's markets (or "green" markets were all closed, except for pharmacies and supermarkets as necessities; and
- Closure of public transportation, all of which was fully banned, other than food delivery and transport, which remained allowed as necessities.

Source: (PIS, 2020).

Looking at the stringency of the measures enacted alongside the evolution of the pandemic shows that Serbia's containment policies on March 15, 2020 were comparatively equal and as stringent as those adopted by, for example, Spain, on that same date: Serbia, at that point in time on March 15, 2020, had then recorded fewer than 100 cases while Spain had recorded more than 10,000 (Figure 6, Annex I).⁴

The third, crucial element that prevented even worse health consequences for Serbia was that **healthcare facilities were provided with necessary personal protection and other equipment relatively quickly**. These important materials were obtained thanks to an extensive effort by authorities to procure the most urgent items abroad and to donations from a number of countries and organizations, partially facilitated by UN agencies, along with the provision of financial resources reallocated to the health sector by the government. Also, it is important to note that Serbia, as

a participant of certain EU mechanisms and cooperation agreements,⁵ also benefitted from the creation of the "res-cEU stockpile" of medical equipment that was created with EU support and intended to help EU and neighboring countries combat COVID-19 through the provision of equipment such as ventilators and protective masks. Through officially submitted requests to the EU Civil Protection Mechanism ("EUCPM"), Serbia received 10,000 protective face masks (MIA, 2020) as well as necessary additional equipment for containment of COVID-19 at migrant camps. It is worth noting that Serbia has also continuously engaged throughout the pandemic period in consolidating its risk management systems, through the EUCPM and with UN partners, by conducting a national risk assessment and strategy for disaster risk reduction, all of which will prove instrumental in helping Serbia "build back better" in the recovery phase of the COVID-19 crisis. The reorganization of public health facilities that was led by the Ministry of Health ("MoH") also ended up being a benefit in terms of Serbia's ability to respond to the crisis, as it helped to prioritize care for COVID-19 patients across all healthcare institutions, including not only the four existing clinics focused on infectious

⁴ For additional information on the stringency of the measures across governments, see the Oxford COVID-19 Government Response Tracker ("OxCGRT"). OxCGRT is a project that systematically collects information on several common containment and closure policy responses that governments have enacted.

⁵ For example, the EU Civil Protection Mechanism ("EUCPM"), which Serbia has been a part of since 2014.

diseases, but also different hospitals and primary health-care centers which were repurposed for the treatment of COVID-19.

Other considerations which helped the health system in Serbia overcome the first dramatic phase of the emergency included the below activities:

- Improving communication: national health authorities, with support from the WHO and other UN agencies quickly expanded the country's capacity for communication and public education in the months prior to the first case emerging in in Serbia. These activities included communication aids, websites and online platforms, press conference opportunities and TV advertising, all informing the general public of COVID-19 and providing health advice. A special focus was placed on reaching vulnerable populations, such as older people, those from the Roma community, and the refugee and migrant population.
- Bolstering the capacity for public health services to enable emergency response: the government prepared well before the outbreak to ensure that key public health services were delivered on an unprecedented scale, clarifying certain designated hospitals as points of treatment for COVID-19 cases, working to implement laboratory testing with the country's Institute of Virology, Vaccines and Sera "Torlak," ("*Torlak*" or "*the Torlak Institute*") and defining approaches for providing healthcare for those with suspected cases. These actions supported the maintenance of essential services while also freeing up capacity for the country's specialized COVID-19 response. The authorities benefitted from expert support in establishing and maintaining the COVID-19 system from countries with prior experience in countering the virus or with greater capacity for certain measures (such as China and Russia). Coordinating and advising bodies were also designated during the crisis, with representation from multiple sectors, including health experts, economists, and representatives from financial bodies.
- Training, repurposing and mobilizing the healthcare workforce according to priority services: to be able to respond to the surge in healthcare demand since the first COVID-19 case was confirmed, the MoH employed 4,500 health workers during the State of Emergency, including 1,500 doctors among them, as well as an additional 75 new doctors and 200 nurses deployed specifically in Kosovo*⁶ (MoH, 2020). In addition, military medical staff were repurposed and assigned to support the civil health system to help handle the surge. Newly employed staff in the medical fields were also trained on basic aspects of coping with the COVID-19 outbreak, including proper

usage (application and removal) of personal protective equipment ("*PPE*"), the usage of contact tracing tools, and other techniques specific to COVID-19. This additional support was possible thanks to the quick and flexible movement of funds, as well as external donors' support (particularly from the EU).

- Mobilizing financial support and easing logistical and operational barriers: with the objective of mitigating potential financial barriers to people accessing COVID-19 care, the government's National Health Insurance Fund ensured that the screening and treatment of COVID-19 were covered and accessible to all people residing in Serbia. To ensure adequate funding to manage the excess demands on Serbia's health system, funds from other sources were allocated to the National Health Insurance Fund to help cover priority COVID-19 related care. External financial support during COVID-19 was provided to Serbia through the EU, in an amount totaling over 15M EUR. As part of this assistance, the EU purchased a total of 75 respirators, 50 intensive care monitors, 100 triage containers with equipment, 800,000 masks, 100 oxygen concentrators, 300 infrared thermometers, two PCR-type testing devices, and reagents for 25,000 COVID-19 tests, as well as funded 15 cargo flights to Serbia for the transfer of the most urgent medical equipment (EU Delegation in Serbia, 2020). By signing an additional agreement between the EU and Serbia on July 15, 2020 for additional donations another two hundred domestic health professionals were hired to provide support for the next six months (GoS, 2020d). This contract, worth 1M EUR to Serbia, was financed from the pre-accession assistance mechanisms put in place with the EU in 2018 and will be of great importance in strengthening the capacity of the Serbian healthcare system.
- Led by the WHO, the UN country team in Serbia developed a Country Preparedness and Response Plan ("*CPRP*"), based on Serbia's identified priority needs in fighting COVID-19 and structured around a few core pillars. So far in implementing the CPRP, the UN in Serbia has utilized approximately 25M EUR to support Serbia in its response to the COVID-19 outbreak. In May 2020, the government signed a 100M USD loan with the World Bank to support the Emergency COVID-19 Response Project, which will focus on strengthening testing, diagnostic and intensive care capacities across the country in the face of COVID-19. It will also support development of an e-reporting system for COVID-19 as well as epidemiological surveillance, thus helping the country strengthen its overall risk assessment for this and other future crises and provide on-time data and information to enable guided decision-making for response and mitigation activities as the impact of the crisis continues to evolve.

⁶ References to Kosovo shall be understood to be in the context of Security Council resolution 1244 (1999)



- The government may also be negotiating with other international financial institutions and intergovernmental donors for additional resources to strengthen the health sector in Serbia, and likely has other support conversations underway, though without finalization and public announcement these additional resources have not been included in the above review.

THE END OF THE LOCKDOWN PERIOD

The end of the lockdown and softening of restrictive public health measures in May 2020 resulted in increased

incidents of COVID-19 cases throughout June 2020 and July 2020 as people socialized more and transmission increased. The number of overall deaths in Serbia, for all causes, was 9% higher in June 2020 compared to YoY levels (for example, deaths were 15% higher YOY during these months for the region of Vojvodina and 11% higher YOY for these months for the region of Belgrade) (SORS, 2020e). Access to non-essential and other urgent health services was affected during this time period and it is highly probable that there will be other unforeseen aspects to the public health sector that will become visible in future as the impact of the crisis long term continues to unfold.

BOX 2:

THE EASING OF RESTRICTIONS AND CONFINEMENT MEASURES AND THE RE-OPENING OF THE BORDER (APRIL 2020 – JULY 2020)

The State of Emergency in Serbia was lifted May 6, 2020, which included a lifting of the restrictions on movement that were put in place. Prior to that, the government started gradually opening the economy during the end of April 2020. Some of the key aspects of easing restrictions included the below:

- Border crossings: by the end of May 2020, Serbia had reached agreements on opening up borders with Bosnia and Herzegovina, Bulgaria, and Hungary. Montenegro remained closed to Serbia citizens, while Croatia required people coming from Serbia to stay in self-isolation for 14 days from the date of entry into Croatia. On June 30, 2020, the European Council adopted a recommendation on the gradual lifting of temporary restrictions on non-essential travel into the EU from other non-EU countries. As of July 14, 2020, Serbia was removed from the list of safe countries, meaning that travel restrictions remain for Serbian citizens attempting to enter the EU.⁷
- As of the beginning of July 2020, Serbian authorities gradually reintroduced a set of restrictive public health measures to help halt resurgence of COVID-19, including for example allowing gatherings of only up to ten people, requiring the obligatory use of masks in many settings, and implementing shortened working hours for hospitality sector businesses such as coffee shops and restaurants, among others.

Sources: (OECD,2020c; WHO, 2020a).

⁷ For more information on the list of "safe" countries developed by the European Council, see the "EU's List of Epidemiologically Safe Countries Amid Covid-19" (<https://www.schengenvisainfo.com/eu-list-of-epidemiologically-safe-countries-amid-covid-19/>).

HEALTH FIRST: PROTECTING HEALTH SERVICES AND SYSTEMS DURING THE CRISIS

There are **two main health system challenges** in Serbia which were made clear as a result of the crisis:

- 1 the sufficiency of the public health system to identify, isolate, test and treat all cases of COVID-19 that emerge, and to trace and quarantine applicable contacts of the infected;**
- 2 the capacity of Serbia's healthcare system to dual-track its efforts and provide regular health services while at the same time aggressively treating and addressing COVID-19 as an overarching national crisis.**

During the State of Emergency, in order to reduce the number of people in contact with healthcare facilities and hence, reduce the risk of transmission among patients and healthcare workers alike, all non-essential health procedures (including diagnostic or treatment, as well as elective surgeries), were temporarily suspended. After the State of Emergency was lifted on May 6, 2020, health institutions gradually re-established their provision of regular health services and this practice has been maintained during the second peak of increased transmission.

Twenty hospitals have been designated to receive and treat COVID-19 patients across Serbia, and these are the only authorized facilities in the country to do so. All other health institutions have continued providing a full set of health services. However, every patient at these remaining health facilities is required to provide a negative test result in order to be allowed to enter the health facility and undergo all necessary treatment there. Though this measure is intended to protect health workers and other patients receiving regular services, it has become a barrier to accessing healthcare services for the population, given the delays in getting test results from the designated testing facilities, or the need to pay out of pocket for certain tests to confirm the presence of COVID-19.

It is difficult to assess the extent to which the disruption in health services has affected morbidity or mortality trends in Serbia. Morbidity data would normally only be available in late 2021 and might be delayed further in view of the impact of the pandemic on the health system. Overall, one compelling indicator is the number of deaths, by any and all causes, during the months of March, April and May 2020 (the height of the first peak of the crisis). The number of deaths, from all causes, were in total 3% lower during this

period when compared YoY to 2019 data (SORS, 2020e). Health and morbidity rates are naturally multidimensional concepts, and short-term mortality is just a crude indicator and will need to be complemented by other indicators when more specific data becomes available.

One of the consequences that will likely emerge from a full analysis of impacts to the healthcare system in Serbia is that patients who were prevented from using public healthcare services during this time often had to turn to private health services, which will ultimately further increase the burden on private households for "out-of-pocket payments," (non-reimbursed expenses that patients are responsible for paying directly). These payments are already very high in Serbia, representing 41.8% of total health expenditures in 2017 against an average of 15.82% of total health expenditures for other the members of the EU (WB, 2020h). This may be a negative indication of citizens' right to healthcare in Serbia and point to inequality in access to medical assistance, particularly for the most vulnerable populations, and will require in-depth review as the impact of the crisis on Serbia's healthcare system continues to be understood.

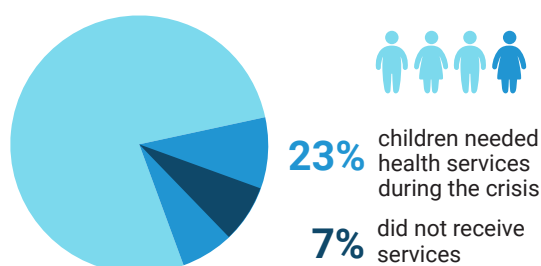
Available information shows that standard, ongoing immunization programs have been interrupted to some extent (UNICEF, 2020). Aware of the importance of immunizations, particularly against seasonal influenza in this new COVID-19 context, national authorities have initiated activities to ensure sufficient quantity of vaccines in advance of peak influenza season.

Emergency healthcare, some oncological services, as well as other selected services have continued to be provided during peak periods with high incidents of COVID-19.

Data from surveys done by the UN in Serbia found that:

- Almost 27% of women and 19.9% of men experienced difficulties in accessing health services during COVID-19 (UN WOMEN 2020; UNFPA,2020). Access to sexual and reproductive health services was problematic for 4.5% of women, with young women reporting most frequent problems in accessing these services (UNICEF 2020; UNFPA, 2020).
- Older persons have faced difficulties in accessing healthcare services and are more frequently having to pay out of pocket for their healthcare expenses (UNFPA, 2020).
- Among respondents, 25% reported their psychological, mental, or emotional health was affected by the crisis (with a gender breakdown of 31% of women and 19.7% of men) (Ibid.).

- More than 50 % of the total number of respondents experienced difficulties in accessing medical supplies for personal protection, such as masks and gloves (Ibid.).
- Almost one in four children needed health services during the crisis (at 23%), and approximately 33% of those children (or 7% of the total number of children) did not receive such services (such as for specialist examinations, including vaccinations) either due to lack of personnel at facilities or parents reluctant to secure this service during the crisis and in light of health risks and restrictions on movement put in place (UNICEF, 2020g).



- More than 50% of youth had restricted access to health services, 38% expressed higher stress levels and 20% needed mental health services during this time. Of the youth respondents, 24% stated they needed additional information on how to access non-COVID related health services, while 20% stated they needed information on how to cope with the stress caused by the crisis (UNICEF, 2020i).
- Of the youth respondents, 19 % of youth stated they needed additional information on how to protect themselves from COVID-19 (Ibid.).
- Of all respondents, 9% stated they needed additional information on access to health services for sexual and reproductive health and 7% stated they needed additional information on access to health services related to COVID-19 (UNICEF 2020; UNFPA, 2020).
- More than half of young people (54%) confirmed that they had restricted access to health services due to the crisis (UNICEF, 2020i). They stated that they were denied services such as a chosen doctor in a health center for preventive purposes (25%), a gynecologist (14%), a specialist (14%), a doctor for treatment purposes (12%), psychological counseling (4%), and reproductive counseling (1%), while 30% stated that there were other services they could not access that did not fall into any of the given categories (Ibid.). The majority of young people (79%) confirm that due to the new situation, they did not need mental health services, while among those who needed such assistance, 88% stated that they did not turn to anyone for help (Ibid.).



Even though Serbia has a comprehensive universal health system with free access to healthcare services at the primary care level, inequities in the utilization of health services exist and are widespread.⁸ The general situation related to access to healthcare and other services by vulnerable and disadvantaged groups in Serbia creates another social risk that is exacerbated by the crisis. People with disabilities, the Roma population, residents of shelters and care facilities, the elderly, people without health insurance, people with chronic diseases, migrants, single parent-headed households, the economically marginalized, residents of geographically challenging areas, and prisoners, among other groups, face systemic inequitable access to health services that has persisted and only widened during the pandemic.

Added to the direct impacts on individuals' health due to the disruption in health services, the disruption in economic activity is expected to severely impact levels of employment, access to education, and income security, all of which impact people's ability to obtain essential goods such as food, fuel and housing, thus having an additional negative impact on health outcomes, exacerbating health inequities and disproportionately affecting people living in poverty and other vulnerable groups.

⁸ Evidence for this exists in UNICEF's Multiple Indicator Cluster Survey ("MICS"), as well as other research. For more information on MICS and its methodology, see UNICEF's MICS website (<https://mics.unicef.org/>).

Expanding social assistance programs and safety nets to ensure adequate coverage for the above-listed vulnerable groups and removing eligibility criteria for health services are both essential to protect the health of these groups and more.

Further and in addition to the two main health system challenges identified above, **other challenges identified during the first six months** of the outbreak included:

- **Ensuring sufficient physical infrastructure and workforce capacity:** though the health system quickly repurposed and responded to manage COVID-19 cases, for example by building two new hospitals in Belgrade (Batajnica) and Krusevac, reconstructing health institutions in Vranje, Pirot, Kikinda and Cuprija, and delivering PPE as well as other essential supplies, some key challenges in this area were nevertheless identified:
 - Capacity for testing, contact tracing and epidemiologic investigations could be further improved. The most reliable COVID-19 tests, or PCR testing, was only available for moderate or severe cases. Few laboratories have been performing PCR testing upon personal request, and increasing the capacity for the health sector to trace and test will help prevent further spread of COVID-19.
 - Health workers have reported fatigue, particularly as the second wave of the crisis peaked and resulted in increased transmission. To reduce risks of adverse

mental health impacts on the essential healthcare workforce, psycho-social support for health workers could be strengthened.

- **Leveraging data analytics to inform decisions:** data availability has been highlighted as a challenge in Serbia. To date, information on the most affected populations, including age groups, gender, socio-economic or geographical distribution of tested and confirmed cases of COVID-19, is not available and makes it difficult to maintain a State of Emergency in selected locations and prevent national and local governments and institutions from taking specific and tailored measures to better protect the population.
 - Added to this challenge is the fact that a national preparedness plan has not been launched, meaning the lack of clearly defined criteria for decision-making has created an environment of mistrust, and consequent fatigue from citizens in following the restrictive containment measures. Better data will allow for clearer decision making even in the absence of clearly defined criteria for decision-making that would be included in a national preparedness plan.
- **Challenges in waste management:** from March 2020 to May 2020, a total of 170.1 tons of hazardous infectious waste were estimated to have been generated from healthcare activities, overburdening the capacity of the waste management system by 20% (Tosović S., 2020). These findings reveal the need for improvements in waste management, particularly during emergencies and in the case of large generations of infectious waste that occurs during an epidemiological crisis.



2



2 Social Welfare and Protecting People

CHAPTER 2

This chapter provides an assessment of the crisis and the impact COVID-19 had on the functioning of the social welfare system, including access to services for vulnerable groups and disruptions that occurred in access to learning. The first part is a brief overview of the most important social protection measures taken during COVID-19. The second part looks at social service delivery and the effectiveness of the move to distance learning during the period of heightened restrictions. The third part captures lessons learned from the crisis and provides key messages to decisions makers and development partners. The assessment is not all encompassing and is based on review of the available data and observations during the primary time period of March 2020 – June 2020.

INTRODUCTION

Attaining the SDGs focused on universal social protection by 2030 is a goal that seems hard to reach given that only 29% of people worldwide currently have the access to comprehensive social protection (ILO, 2017i). Serbia, with its system designed to ensure equitable access to social protection services for all citizens to protect them against poverty and risk to livelihood as well as support their well-being, nominally qualifies as an early achiever in the social protection realm. However, Serbia's experience with COVID-19 highlighted cracks in the existing system, challenging its capabilities to truly protect intended beneficiaries.

COVID-19 has brought an unprecedented global crisis, interrupting and sometimes reversing the poverty reduction and social welfare improvements of the last decade and leading to economic contraction, threatening to push the world into deep recession. According to various estimates, Serbia's GDP is projected to fall between 2.5% and 5.3% in 2020, which would have a negative impact on the already strained social protection budget (EC, 2020; IMF, 2020; NBS,

2020; UN DESA, 2020).⁹ Depending on the duration of the crisis, between 125,000 and 327,000 citizens could become newly poor due to the economic shock that the crisis is causing (WB, 2020b).¹⁰ The adequacy and extent of coverage of state welfare expenditures, currently accounting for around 25% of Serbia's GDP,¹¹ will have to be revisited if the crisis persists. Unlike in larger economies which can afford sufficient amounts of recovery stimulus, or even the EU that will step up efforts to substantively support each member state during this time, Serbia will have to explore and rely on external financial instruments (such as grants and loans from the international financial organizations and the market) to be able to finance economic and social recovery measures together that are needed alongside the planned budget commitments. These efforts should be constrained within the framework of ensuring that the country's public debt does not exceed 60% of GDP (OECD, 2020b).¹² Within this limited fiscal and budgetary space, both existing and new innovative methods and financial tools will be required by Serbia to enact the types of programs that ensure those who are at the greatest risk of poverty and social exclusion do not fall behind.

The motto "health first" has been at the center of the strategy and fight against COVID-19 in Serbia.¹³ Its social angle, in broadest terms, was anchored around preventing infection

⁹ The European Commission projects a 4.1% drop in GDP (EC, 2020), the International Monetary Fund ("IMF") projects a 3.0% drop in GDP (IMF 2020), the National Bank of Serbia ("NBS") projects a 2.5% drop in GDP (NBS 2020) and the UN Department of Economic and Social Affairs ("DESA") projects a 3.6% drop in GDP (UN DESA, 2020). This is further elaborated in Chapter 4, "Macroeconomic Response."

¹⁰ The "newly poor" and poverty estimates are based on figures expecting \$5.50 per person per day, from 2011.

¹¹ Of this 25% of the budget spent on social welfare expenditures, the biggest share of it is spent on pension obligations.

¹² The Organisation for Economic Co-operation and Development ("OECD") refers to the plan agreed upon with the IMF for proper public debt to GDP ratio, whereas the NBS's expectations refer to the Maastricht criteria, outlining that government and public debt must be limited to no more than 60% of GDP.

¹³ As of August 28, 2020, the mortality rate for those infected with COVID-19 in Serbia was 2.27% (<https://www.zdravlje.gov.rs/>).



in older persons. Based on the recommendations from the WHO, the government recognized the 65 and over population as the most vulnerable to the pandemic and introduced a number of measures to protect them. This included the curfew, which limited the movement of senior citizens and banned family and friends' visits to beneficiaries of residential care facilities (i.e. state and private homes for older persons). The measures proved to be effective in protection, as only 2.64 % of people residing in social protection and residential care institutions and 2.68 % of their respective employees were infected as of May 13, 2020 (IDWG, 2020). On the other hand, the general lockdown policy (including long weekend lockdowns and curfews preventing movement after 5pm) negatively affected the provision of community based social services for many vulnerable groups and challenged the social welfare system's effectiveness.

Children and young people were not recognized as a group as highly at risk, but rather as potential virus transmitters. Kindergartens, schools and universities alike were closed early in the school year and term. The entire education system switched to remote teaching and learning, affecting over 1,200,000 children and young people across the country.

SOCIAL PROTECTION ACTIONS IN RESPONSE TO THE CRISIS

Social protection is provided in Serbia through social insurance schemes and various cash and in-kind benefits within social, child, and veteran protection systems, with the goal of preventing people from falling into poverty. In Serbia, as in many other countries, the pandemic has exposed the inadequacy of the current social protection infrastructure to deal with the emergence and nature of large-scale outbreaks and other extreme threats.

Due to the lockdown measures enacted, including physical distancing, and the need for rapid response, the period since the beginning of COVID-19 has seen the usage of a combination of **cash and in-kind assistance**.

The most significant measure introduced by the government was **emergency cash payments** in an amount equivalent to 100 EUR per person, intended to be distributed to all adult citizens and covering more than 6.2M people across the country. Serbia, Hong Kong, Japan, Singapore and South Korea were the only countries at the outset of crisis that introduced this sort of temporary basic income (FES, 2020). Unfortunately, the period from policy proposal to implementation was too long and the payments were distributed two weeks after the end of the lockdown, not during the height of restrictions and closures when the payments would have been more impactful. These emergency cash payments cost about 1.3% of GDP, or the equivalent to four

years of providing "last resort" social assistance (which is a longstanding program in Serbia, and which has continued to be provided throughout the crisis, but not adjusted in any way for the unique circumstances) (Ibid.). Emergency cash payments were only one-off and were not planned to be combined with the progressive income tax system that targets different income demographics with different rates and benefits. In administering the program, the government reached those who did not actually need the payments and at the same time failed to reach every person, including some of those most vulnerable as well as children. This is especially important given that the households composed of two adults with three or more dependent children are at the greatest risk of poverty (SORS, 2018).

As a matter of fact, 50% of households with children saw their income decrease during the crisis, in parallel with increasing unplanned expenditures during this time, sometimes amounting to a quarter of these households' monthly incomes (UNICEF, 2020g).

Children and adults with disabilities had no cash or in-kind benefits specifically targeted to them. Data collected on a small sample of Roma working as secondary material collectors, half of whom struggled during the lockdown to satisfy their basic needs, indicates that payments reached 94% of them, although it cannot be concluded that the Roma community was universally covered by these emergency cash payments (UN, 2020). Those in the Roma population as well as those among other vulnerable groups were particularly left behind if they did not possess personal identification documents, including persons at risk of statelessness and internally displaced persons ("IDPs") with specific needs. The same applies to refugees and asylum-seekers who do not have access to social assistance schemes and were likely at much lower rates of receiving the emergency cash payments (UNHCR, 2020).

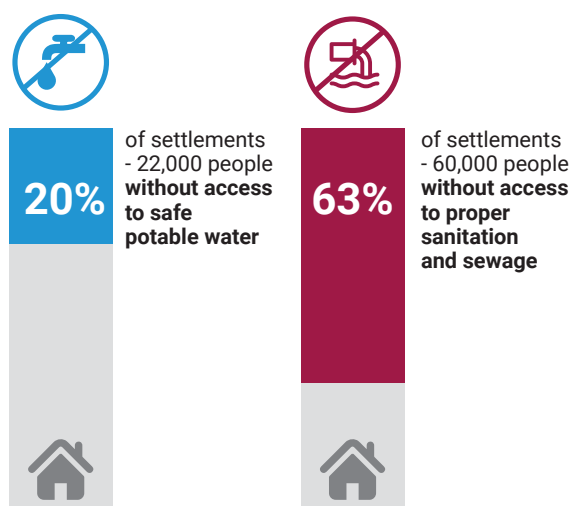
Social insurance measures included extended coverage of unemployment benefits (for more details on the impact of COVID-19 on the labor market, see the Chapter 3), extended social assistance entitlements (on the basis of previously issued decisions) and **one-off cash assistance to all pensioners** as well as temporary benefit beneficiaries who have exercised their rights, each of whom received the equivalent of 35 EUR per person in one-off payments. Because of the lockdown and restrictions to movement that were put in place, pensioners were allowed to authorize someone to collect these payments on their behalf. Some data indicates that the risk of financial abuse of older persons increased, as pensions were the only regular source of income for some households. Older citizens reported diffi-

culties in accessing non-COVID related healthcare services, including telephone services organized by primary health centres. This led to higher out of pocket expenditures for medicines and private healthcare services. Isolation and uncertainty among older people grew over time as did their need for support (UNFPA, 2020). According to the last national census data, around 240,000 older citizens who do not receive pensions are left out of the pension insurance system which makes them hard to reach with any form of support and assistance (Matkovic G, Mijatovic B, and Stanic K, 2014), making it unlikely that this group also received the one-off payments intended for their demographic of pensioners. There is a rationale for increasing insurance-based benefits during the crisis due to the primary health nature of the initial crisis, as well as a rationale for including the additional payments to vulnerable older persons on an earlier timeframe, ideally before the lockdown eventually was lifted, so that these vulnerable groups could buy necessary supplies in advance.

In-kind benefits were aimed at preventing the spread of the virus, covering basic needs, and helping to reduce strain on household budgets. This included distribution of food, hygiene packages, protection gear, medicines and deferrals of public utility and rental payments (UNWOMEN 2020; UNFPA, 2020). Approximately 8,000 packages were distributed to vulnerable groups, including Roma living in settlements, vulnerable women, women in situations of violence, homeless individuals, older persons and poor households, with members from such vulnerable groups receiving on average more than eight packages of such assistance during the distribution period, although not in all municipalities participated (SIPRU, 2020a). The majority of packages were provided by donors and CSOs, particularly those packages for Roma still living in informal settlements without basic infrastructure (COE, 2020). Some CSOs pressured local self-governments to provide their constituents with potable water, as existing long-term problems with basic needs, such as access to clean water, have been aggravated during the crisis.¹⁴

14 For more information on this point, see the "A11 Initiative," a non-profit non-governmental organization in Serbia promoting rights of vulnerable and marginalized individuals, with a particular focus on economic and social rights (<https://www.a11initiative.org/en/who-we-are/the-a11-initiative/>). The A11 Initiative works with the European Court of Human Rights, who instructed the group to request from local self-governments in Belgrade the changes necessary to provide minimum conditions for life for 300 Roma living in the "Čukarička Šuma" settlement (<https://www.a11initiative.org/en/the-european-court-of-human-rights-instructs-the-a-11-initiative-to-request-from-local-self-governments-in-belgrade-to-provide-the-minimum-conditions-for-life-for-300-roma-living-in-cukaricka-suma/>).

Across Serbia, up to 20% of settlements with at least 22,000 people residing in them still live without access to safe potable water and 63% of settlements with over 60,000 people residing in them still do not have access to proper sanitation and sewage (OHCHR and SIPRU, 2020).



Institutions and organizations such as the Red Cross provided one-off or short-term in-kind support mainly to vulnerable the older persons.

Digitization of benefits administration was set in motion at the outset of the crisis, from making it possible to apply online for benefits, to apply online to extend expired benefit entitlements and to fully process applications for benefits electronically.

SOCIAL SERVICES ADMINISTRATION DURING THE CRISIS

The mandate for regulating and providing social services in Serbia is divided between the national, provincial, and local levels. Services regulated at the national level include residential, foster care, shelters for victims of trafficking and supported housing for persons with disabilities in less developed municipalities. The national government also provides funding for activities of the Centers for Social Work of Serbia (the "Centers") which focus on assessment and planning services, regulating social services, and establishing control mechanisms for social services across the country. Local governments are responsible for administration of one-off cash benefits and community-based services, which include day-care community-based services, services for independent living, counselling, therapy, and so-

cial education services, as well as shelter services. Chapter 5, "Social Cohesion and Community Resilience," provides more detailed insights on COVID-19 response at the local level.

In Serbia, 558,945 persons are beneficiaries of various social assistance programs and financial support to families with children (GoS, 2020e). Some 23,000 residential beneficiaries are placed in 250 institutions, two-thirds of which are state institutions and one-third of which are privately owned (Ibid.).

There is a consensus that these institutions faced the greatest challenges during the crisis for a variety of reasons, including capacity, financing, vulnerability of populations, and health concerns. The primary focus of the Ministry of Labor, Employment, Veteran and Social Affairs (the "*Ministry of Labor*") was thus to prevent the outbreak in residential institutions housing beneficiaries (IDWG, 2020).

For these reasons, visits to these institutions were banned, and new admissions to the **residential care facilities** were restricted to emergency cases, subject to negative COVID-19 testing; this was particularly pronounced and important in institutions housing vulnerable older persons. Visits to facilities accommodating unaccompanied and separated children were not allowed, ensuring physical safety but having an isolating effect. Transportation and hospitalization of these residential beneficiaries in hospitals was challenging, especially for those who already had chronic illnesses or other hardships. Employees working in these facilities, already in short supply, sometimes had to self-isolate or were unable to come to work due to childcare commitments given that kindergartens and schools closed. Introduction of fifteen-day shifts for social welfare workers also created tremendous psychological pressure on these employees.¹⁵ A ban on visits and a restriction on movement have increased feelings of isolation and neglect among residents, including those residents with disabilities. Anecdotal evidence suggests that the psychological impact of the lockdown was significant for both beneficiaries and their families and friends. The Ministry of Labor intervened by engaging an additional 455 caregivers and 127 health-care workers in these institutions of social protection and by supplying them with PPE (GoS, 2020h). By the end of the lockdown, the Ministry of Labor delivered 834,550 masks, 1,045,000 gowns, 10,000 protective suits, 42,000 caps, 72,000 boots and 3,000 goggles (IDWG, 2020). But the tech-

nical limitations within the institutions made it impossible to fulfil the standards of care given the extreme pressures of the crisis. Although care facilities do have safety protocols and protection plans in line with requirements of the Law on Disaster Risk Reduction and Emergency Management, it was very difficult to comply with COVID-19 related measures such as physical distancing or isolation of suspected COVID-19 cases for the resident population of beneficiaries who cannot carry out everyday activities independently or who cannot understand requests for physical distancing (IDWG, 2020).

Services at the **daycare facilities** predominantly cover homecare for older persons, personal escorts for children, and daycare centers for children with disabilities. These services were not equally available across municipalities under the normal circumstances¹⁶ and stopped operating altogether with the COVID-19 outbreak (OHCHR 2020; SIP-RU 2020). There is some evidence that this work continued using telephone, emails, internet-based tools for communication between daycare staff and users. However, it is unknown whether these service providers passed required trainings to be able to do so. Protocols that were developed focused more on health concerns than social protection (FES, 2020). Capacities of **shelters** for homeless people, including for children living in the streets, older persons, and persons with disabilities were insufficient, with only around 300 beds available across the country (OHCHR 2020; SIP-RU, 2020). Concerns have been raised about misdemeanor charges against homeless persons for being in the streets during lockdown, given that these individuals have no other places to go (Ibid.). Asylum seekers, refugees and migrants were accommodated in governmental facilities, which were mostly overcrowded and not fully suitable for a prolonged stay. They could only leave the centers with written permission from the authorities (BCHR, 2020). Despite governmental efforts to readjust accommodation capacities, implement preventive protocols, and ensure the presence of medical teams, psycho-social support and related services, the situation negatively affected migrants, asylum seekers and refugees and in some occasions triggered tensions and violent behavior among them (UNHCR, 2020a). Some home-care services continued to operate but care workers' movement was limited as they were not exempt from the travel ban, so oftentimes had to defy the travel ban in order to arrive at work. The Ministry of Labor supported obtaining travel permits for some these, and other, workers. Out of 3,306 travel permit requests received in April 2020, 2,116 permits were approved and issued by the Ministry of Interior (IDWG, 2020).

¹⁵ The same pressures and negative effects equally applied to workers at other residential institutions (for example, those for children, adults, and persons with disabilities).

¹⁶ Daycare community services in 2018 were available in 135 out of 145 municipalities across Serbia. From 2012 to 2018 the service most in demand was personal escorts for children requiring additional attention.

Disruption to the functioning of community-based services during the State of Emergency also impacted persons with disabilities. Out of fear of being exposed to COVID-19, some of these people and their families decided to cancel the services of **personal assistants** who provide day to day in-home support.



March, 2020,
Volunteers in Zrenjanin

Under such circumstances, relatives, family members and friends took over **informal care** for many vulnerable people. Although informal caregivers are the most substantial providers of long-term care, at the outset of the crisis they could not obtain permits to move freely during curfew times, even if those in their care required it. In instances where family members caregivers did not live together with person they were taking care of, these ad hoc caregivers could not visit and had very limited alternatives to ensure the care of their loved ones. This was particularly challenging for informal caregivers over the age of 65 years. There were strong recommendations to employers to allow single parents, foster caregivers, and caregivers of children with disabilities to work from home whenever possible. Parents of children with disabilities, including children with autism, were allowed to go on short walks only following the public pressure to provide some exemptions to the lockdown restrictions for this group (FES, 2020).

In such circumstances, **civil society organizations and volunteers** became the primary providers of communi-

ty-based services, mostly on an ad hoc basis. Regrettably, there are no assessments on how successful these groups have been in these endeavors. Some reports show that a significant number of CSOs were involved in humanitarian work at the expense of their regular activities. Although the rise of solidarity and grassroots activism may be observed as a positive development of COVID-19, not all local groups were formally organized, trained, onboarded, managed, or coordinated (more information on the work of CSOs and volunteers is available under Chapter 5, "Social Cohesion and Community Resilience").

The number of reported cases of **domestic violence** decreased during the State of Emergency, but given the lockdown measures imposed, the disproportionate burden of caring for children and older household members and performing daily housework left women at risk of domestic violence with limited "safe spaces" to report violence. The psycho-social support to women in situations of violence provided by CSOs via emergency helplines increased by 30% compared to the pre-COVID period (UN WOMEN, 2020a). However, on its own and given the changed environment this is not a sufficient protection measure against domestic violence. A lack of continuity in community-based services increased the helplessness of those at risk of domestic violence and in some cases exacerbated dangerous and life-threatening situations. As of August 2020, the official registered number of victims of domestic violence was 12,332, out of which 72.4% were women.¹⁷ As of August 2020, sixteen women were killed in the context of domestic violence since the beginning of 2020, out of which four were killed during the month of May 2020 alone.¹⁸

Recognizing gaps in the institutional response to COVID-19, a number of legislative acts were prepared in order to provide guidance, regulation and framework for continued social services and support during this unique crisis. The **Ministry of Labor** issued instructions concerning prevention and protection measures, hygiene, and rules of conduct for care institutions, including regarding admission of new beneficiaries to care homes and similar institutions, guidelines for what to do when incidents of virus infection symptoms occur, instructions for residential care beneficiaries aimed at prevention of COVID-19, instructions regarding working hours and shifts in the Centers for Social Work of Serbia, and other measures in this field. Four new licenses were issued to social services providers to enable them to expand their mandate and continue to provide essential care services during the crisis. The **Centers for Social Work of Serbia** continued to function, though not at full scale. **Parental vis-**

¹⁷ For more information on domestic violence rates during 2020, see the following article on N1's news site, "Sixteen women were killed in domestic violence this year" (in Serbian) (<http://rs.n1info.com/Vesti/a632163/Zene-ubijene-u-porodicnom-nasilju-u-Srbiji-2020.html>).

¹⁸ Ibid.

itation services in the aftermath divorce proceedings were most often missing due to movement restrictions and other logistical reasons given the lockdown measures affecting the system. The main reasons that parental visitation services were cancelled or not fulfilled included the unavailability of services by institutions or social workers, and in fewer cases, parents' withdrawal (often due to travel restrictions). Among child beneficiaries of social welfare services, it was found that one child out of every fifteen had a problem in accessing these services during the crisis (UNICEF, 2020g). Although social workers were designated as essential workers in the crisis, they were rarely represented in emergency response and coordination teams and had little advisory role in planning. Insufficient coordination between the systems of social protection and healthcare has been reiterated as a key issue exacerbating continued provision of key services during the crisis (IDWG, 2020).

The Ministry of Labor assessed the work of institutions and services through a "secret shopping" exercise, looking at whether the employees were responding to calls, how they provided the information, and the accuracy, professionalism and kindness of operators.

A total of 113 Centers for Social Work of Serbia and 116 services for child protection were contacted, and the quality of communication and provision of information was, in most cases, assessed as satisfactory (IDWG, 2020).

The Ministry of Labor also collected feedback from social service beneficiaries about the efficiency of measures that were introduced. The majority understood COVID-19 related information that was disseminated, including how to protect themselves and others, knew whom to contact if needed, and felt safe with the institutions. Many appreciated the dedication of the staff during their multiple-day shift work. Feedback that came from the employees was mostly centered on adequacy of the information they received related to risks and prevention measures, but also about the inability to always comply with them given the unique nature of their jobs. It was emphasized that there are an insufficient number of employees working in such social service institutions, and a clear need for more professionals such as caregivers, nurses, social workers, and cooks.

ACCESS TO SUSTAINED LEARNING DURING THE CRISIS

To prevent the spread of the virus, schools and preschool institutions in Serbia closed in mid-March 2020. The Ministry of Education, Science and Technological Development (the "Ministry of Education") prepared an "Operational Plan

for Continuation of Schoolwork in Difficult Conditions," entailing the implementation of distance learning through TV and online platforms.¹⁹

Recorded classes were broadcast from March 17, 2020 to May 29, 2020 on national and regional public TV channels and through the local media, including on minority language channels. Digital repositories of TV lessons were created on two national online platforms: *RTS Planet* (an existing platform) and *My School* (a newly established platform), allowing for delayed and recurrent viewings by students and flexible schedule learning. In addition to recorded lessons, *My School* supplemented its content with tests, quizzes, and other digital learning materials. Support from private IT and telecommunication companies was crucial in that respect. By the end of March 2020, around 1,000 online classes were recorded for primary and secondary school students, available in eight minority languages (UNICEF, 2020; MoESTD, 2020).²⁰ To keep the attention of children and boost the learning outcomes, teachers started liaising with students through online conferencing or smartphone chats. After the abolition of the State of Emergency, primary, secondary schools, and university faculties continued to work remotely, whereas preschool institutions reopened for in person instruction in mid-May 2020.

The speed of response and selected approach to adjusted learning formats seemed effective, as 99% of students in primary and secondary education were able to access the learning platforms that were setup and 98% in fact used them (Ibid.).

TV lessons were used more by primary (95% of them using TV lessons) and less by secondary students (64% of them using TV lessons) (Ibid.). On the other hand, secondary students used more online platforms than their younger peers (99% of secondary students using online platforms vs. 85% of primary students using online platforms) (UNICEF, 2020g). No significant differences among girls and boys were noted in the adoption and use of technologies.

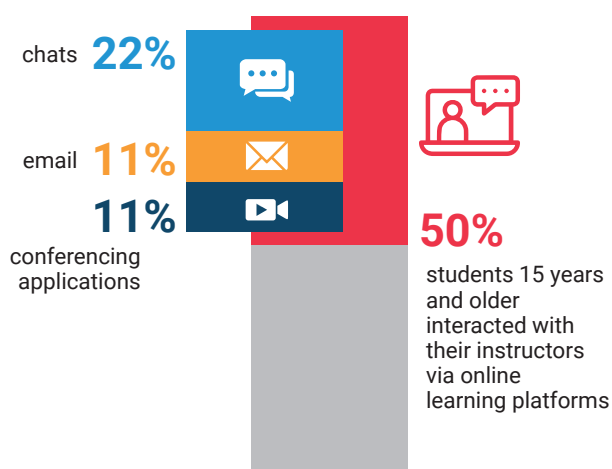
Less than 2% of students had to use alternative modes, such as studying from printed materials (Ibid.). These group

¹⁹ "Operational Plan for Continuation of Schoolwork in Difficult Conditions" available at <http://www.mpn.gov.rs/wp-content/uploads/2020/03/Nastava-na-daljini-u-vanrednom-stanju.pdf>. Furthermore, the registration process for primary school admission and self-assessment tests for eight-grade primary school students preparing for their final tests was also moved to an online format.

²⁰ The "My School" or "Moja Škola" online platform was established, and made available at <https://www.mojaskola.gov.rs/>.

of students included around 25% of Roma children, 20% of children with disabilities and around 13% of students from other vulnerable groups (Ibid.).

Refugee school children struggled to follow TV and online classes in Serbian due to language barriers and lack of devices, and struggled thus to submit their homework electronically, particularly given that their parents were unable to support their learning due to language barriers (UNHCR, 2020b).



With regards to teacher- pupil communication, 50% of students aged 15 years and older indicated online learning platforms as the most common channel for interaction with their instructors (UNICEF 2020; MoESTD, 2020). Of this group, 22% communicated via chats, 11% via email and 11% via conferencing applications (Ibid.).

As many as 59% of students perceived themselves as being successful in fulfilling obligations during online classes, such as homework assignments or tests (UNICEF, 2020a). One third was partially successful and 9% faced difficulties or failed to meet the requirements (Ibid.).

Parents or caregivers noted that they provided two hours per day to support learning among their 7 to 12 year-old children and around one hour per day to support their 13 to 17 year-old children (UNICEF, 2020g). Children spent, on average, 4.1 hours per day on educational activities (Ibid.). A rough calculation indicates that by this way of learning, children might have missed the equivalent of classes that would normally be attended in 10-12 weeks (UNICEF

2020g).²¹ This number is surely higher for students from vulnerable groups. 17% of Roma and 4% of students with disabilities did not attend any elementary school classes (UNICEF 2020; MoESTD, 2020). The exclusion of vulnerable groups from secondary schools was somewhat smaller, at 9% and 3% of Roma children and students with disabilities not attending any secondary classes, respectively (Ibid.). Distance learning covered 83% of Roma children, out of which only 56% managed to follow online and TV classes and 27% required alternative support (Ibid.). The most prevalent reason why these students did not participate in online learning was the lack of internet access (40% of those who did not participate) and unavailability of adequate devices (25%-30% of those who did not participate) (Ibid.). Other factors that reduced the efficiency of the distance learning system included: the absence of regulatory framework on distance learning, the lack of TVs to conduct distance learning (relevant to around 2% of the population) (SORS, 2019), and the limited digital competencies of teachers²² and parents (Ibid.). While at home, 79% of preschool children kept some form of communication with the kindergartens, both with teachers and peers. Family engagement in learning was supported through play at home and psycho-social support that was provided (UNICEF, 2020g).

Children pointed out mental health and stress related consequences as the second most important issue which worried them (UN WOMEN, 2020a).

Anxiety increased while they were trying to adjust to the new situation, in which 24% of students faced some kind of problems (UNICEF, 2020i).

According to students' feedback, better scheduling of classes including the streamlined distribution of material through the single channel and lowering of expectations and demands were the issues that need to be addressed.

LEARNING FROM THE CRISIS: RECOMMENDATIONS FOR THE PATH FORWARD

Although the first emergency response to COVID-19 in the social protection sector had some immediate positive immediate effects on preventing social exclusion and re-

²¹ School closures due to the COVID-19 crisis were enacted across Serbia on March 16th, 2020. The second semester of the 2019-2020 school year calendar ends at different points in time for different grades; as a rule the semester for final grades of primary and secondary schools end couple of weeks earlier than other grades. Therefore, children did not have the chance to attend traditional classes in schools from between 10 to 12 weeks of the spring 2020 semester.

²² Regarding the limited digital competencies of teachers, see the website for the Institute for Improvement of Education (in Serbian) (<https://zuov.gov.rs/>).

ducing poverty due to some of the governmental support schemes that were put in place, there are several issues to be taken into consideration going forward as the country continues to grapple with the effect of COVID-19 on these areas. First, not all groups of population have been impacted equally and second, the crisis is still not over, especially with the winter season ahead which is expected to bring at least an additional wave of peak COVID-19 infection. The main question facing Serbia is: how do we make sure that the response to the next wave is organized in a way that makes the country better prepared and flexible enough to identify and respond to the those in need?

The main takeaways from this short assessment that could support future response in the area of social protection and social services are as follows:

1 The initial wave of the COVID-19 crisis has exposed weaknesses in the social protection system.

In order to ensure that Serbia can respond to the needs of the ones most at risk, social safety net programs need to improve in adequacy (through an increase benefit amounts) and coverage (through including more beneficiaries in the programs). In a situation where informal work, work-related migration or remittances are not available, alternative coping mechanisms have to be found. Waiving certain conditionalities and increasing insurance-based benefits in crisis conditions (including additional payments to pensioners and relaxing the eligibility requirements and duration of unemployment benefits) could also be options (FES, 2020).

Many groups were left out of the benefits programs that have been initiated to date by the government. This is particularly the case with residents of substandard settlements, mostly the Roma population and homeless persons.

Persons who do not possess personal identification or travel documents could not receive financial social assistance, immediate cash assistance, or child or parental allowances. These people have also been left out of provision of food and hygiene packages which went to some groups, but not all of those most in need. Asylum seekers and refugees were not eligible to receive 100 EUR one-off payment nor could they receive any other public recovery support, thus exacerbating their already tenuous survival in the country (UNHCR, 2020a).

Systematic gender gaps were observed in accessing basic services, with women more frequently reporting difficulties in accessing benefits (UNFPA, 2020). The most problematic example of this was in access to medical supplies, followed by access to public transport, food, health services, and hygiene and sanitary products. Older persons reported challenges in accessing healthcare services, including telephone services organized by primary health centers (Ibid.). There is also evidence that children from poorer households faced more extreme difficulties (UNICEF, 2020g). No special measures were adopted for these vulnerable groups, leaving them with limited last resort assistance, if any (Ibid.).

2 With many people losing their jobs, a significant number of whom are uninsured workers from the informal sector, the number of newly vulnerable people may grow.

The population currently considered vulnerable²³ could increase from around 31% of the population pre-crisis to 33% or 35%, whereas the pre-crisis levels of 8% of poor workers in Serbia²⁴ could go up to 12% or even 19% in the most affected sectors, such as wholesale and retail trade, accommodation, food services, real estate, administrative and support services, professional, and scientific and technical activities (WB, 2020b).

Shockwaves from the financial impacts of the crisis are hitting families with children particularly hard, as these



²³ The threshold for "vulnerable" is determined as those living on an income of \$5.50 to \$11 per person, per day, based on 2011 determined levels.

²⁴ The threshold for "poverty" is determined as those living on an income of \$5.50 or less per person per day, based on 2011 determined levels.

families require specific attention since 40.8% of them are not able to face unexpected financial expenses without additional support (SORS, 2017). Such families received less support compared to other households, since one-off assistance was provided to adults and pensioners but no additional financial support was provided on a per-child basis. In addition, unlike pensioners and last resort social assistance beneficiaries, families with children were not automatically granted universal cash benefits or called out as a group that required additional financial assistance.

Child poverty concerns were not central in governmental response measures. Children and adults with disabilities had no cash or in-kind benefits specifically targeted to them, despite their higher levels of vulnerability during the crisis (FES, 2020). Cascading effects and psycho-social impacts of the lockdown policies, as well as the narrow “epidemiological” approach to the crisis at the initial onset, are all factors worth researching further. Psychological wellbeing was a particular concern for children, adults (and women in particular, given their higher rates of caregiving requirements at home and in the workplace) and older persons (UN WOMEN 2020; UNFPA, 2020).

3 Serbia needs significant improvement to enact a multi-sectoral approach in emergencies (and in general) and to further cooperation among governmental ministries responsible for social affairs and health.

Government institutions have proposed a number of measures that need to be undertaken in order to improve future preparedness and response. They include provision of training for social protection staff for emergency situations, preparations for standard operating procedures for hospitalization of social protection beneficiaries who test positive for COVID-19 (including best practice operating procedures for their release from hospitals and their return to their residential institutions), provision of financial resources necessary for both institutions and individuals, and improvements to inspection processes which monitor the establishment and work of the commissions for infections in the social protection institutions.

New ways of adapting the infrastructure of the residential care institutions, so that beneficiaries are not completely isolated, should be considered. Given the high-risk exposure, women escaping from domestic violence should have a safe space where they can isolate if they cannot be immediately placed in safehouses. The same goes for victims of trafficking.

4 The crisis exposed areas in need for further strengthening in the education system, to better respond to the needs of the most vulnerable children and adolescents.

This recommendation specifically relates to underdeveloped IT infrastructure, and lack of internet and other technology equipment required for both students and teachers to effectively engage in remote learning. As of September 2020, with the beginning of the new school year there are particular uncertainties this year with regards to measures that need to be imposed due to COVID-19: how will schools continue to operate?



Various scenarios are being explored for organizational models in accordance with the health situation in each municipality: traditional schooling, combined schooling (a combination of both online and traditional schooling approaches) and distance learning (fully remote schooling).

While schools will reopen, they might not be able to welcome all students full-time due to physical distancing rules and other recommended protective measures. All schools will have to meet at least essential hygienic standards. School calendars might be modified, reentry might be staggered, and teaching might be provided in shifts. Reduced timetables for the school year or the semester might be complemented by adding more supplementary remote learning activities. Combined learning methods might look different for different pupils based on their levels and needs. While some pupils might go back to schools a few hours or a few days per week (with additional study organized through distance learning the rest of the time), other pupils might only be able to study via distance measures. The creation of services that are suitable for all contexts, and thereby resilient to disruption, could be mainstreamed in digital learning models. Strengthening institutional ca-

capacities for remote and e-learning could spur an uptake of digital learning technologies aimed at improving the quality of education and could pave the way for more equitable access to distance learning in the future.

5 There is space to shift the paradigm by recognizing and utilizing opportunities and untapped potential.

In a rapidly changing context such as COVID-19, all spheres of society, at all levels, should be involved in the response plan and should be afforded the opportunity to be agile and adjust having agile and adjust to changing circumstances.



April 2020,
Zrenjanin firefighters volunteers

This requires institutions to be allowed to experiment with real-time policy and regulation while maintaining legitimacy (UNDP and DM00, 2020). Innovative forms of social service provisions would most likely be needed to prepare for the future. Some emergency-enforced innovations, such as maintaining contact with service users by telephone or internet, the creation of various internet-based learning platforms, and the use of Viber and Facebook chat to conduct day to day business, all significantly increased.



April 2020,
Municipality of Temerin Firefighter team
helping during Corona outbreak

The crisis also revealed the existence of a digital divide, as some groups of Serbia's population has been unable to participate in the innovating change to working and living and the leveraging of various IT technologies through the crisis. These solutions should be guided by principles of inclusivity, however. This should go hand in hand with the appropriate trainings to enable the social welfare workers obtain the skills to provide remote support services effectively.

In order to generate evidence of effectiveness for social services program on a real-time, rolling basis to inform rapid decision-making and create real-time policies, data should be gathered from a variety of other sources not being gathered today, including directly from citizens themselves. This data gathering can inform decision making and supplement other larger scale assessments and research being conducted by the government and international organizations. Comprehensive lists of government beneficiaries, including the currently vulnerable, those at risk of becoming newly vulnerable, and others, should all be kept at the local level as well as lists of volunteers providing delivery and other support, so that local communities can best support those in need.

CLOSED

Until

Further
Notice

3

Stay
Safe



Jobs, Economic Response and Recovery

3

CHAPTER 3

PROTECTING JOBS, SMALL AND MEDIUM-SIZED ENTERPRISES, AND VULNERABLE WORKERS ACROSS THE INFORMAL ECONOMY

This chapter provides an overview of COVID-19's impact on the economy, including on jobs and workplace conditions, with a particular focus on small and medium-sized enterprises ("SMEs") and jobs of the most vulnerable populations. While COVID-19 has caused some clear negative impact to the SME sector, we also draw attention to some innovative solutions and opportunities arising from this crisis, each of which can be used to build back better. Despite its negative effects, the COVID-19 crisis might stimulate decision-makers in Serbia to focus on new investments, for example opportunities offered by the green economy which might transform some informal economy activities into green jobs (further elaborated in Chapter 6, "The Green Impact of COVID-19 – Its Impact on the Environment and Climate Change in Serbia").

Serbia's ability to reduce COVID-19's impact on future jobs is highly dependent on whether it can successfully contain the pandemic and whether the Serbian economy has the resilience and adaptability to adjust to continuous global disruptions and structural changes. The COVID-19 crisis has brought about many immediate shocks to local businesses: the crisis has disrupted global and local supply chains, reduced (or eliminated) consumption, reduced investments, caused an inability of many individuals to work, resulted in the loss of face to face contact that businesses had typically had with their customers, and caused many other changes. The government and NBS interventions were intended to prevent layoffs during the State of Emergency, but layoffs nevertheless resumed in some of the enterprises that were not covered by (or have not taken part in) the government stimulus measures. Government intervention was essentially meant to prevent bankruptcies of otherwise financially sound companies that faced liquidity issues due to COVID-19. However, these government interventions will likely be ineffective or unsustainable if the cri-

sis becomes protracted or generates longer term changes in market conditions, leading to Serbian firms losing their market positioning and competitive edge.

The Serbian economy was hit hard, but not severely, given that companies were able to pick up in the short-term.

In the 2nd quarter of 2020 the crisis brought a strong YoY GDP	
CONTRACTION OF 6.4%	DECLINE OF 9.2%
compared to the previous quarter this year (SORS, 2020m).	

This decline is lower compared to the EU average (which has been a GDP decline of 14.4% in the 2nd quarter of 2020 compared to YoY, and a decline of 11.9% compared to the previous quarter this year) (Eurostat, 2020e). In a recent survey, 75% of SMEs reported having revenues lower than expected, while only 3% reported higher than expected revenues (CEVES, 2020). Still, only 1% of firms surveyed had laid off workers within the first two months of the crisis (CEVES, 2020). However, the extension of the pandemic and new lockdown periods could trigger an uptick in layoffs among SMEs. SME export levels dropped in April 2020 by 20% MoM, but shortly thereafter picked up in May 2020 and June 2020 (with an increase in 16% MoM and 10% MoM, respectively)²⁵.

²⁵ Calculation based on SORS data in response to the inquiry of UN in Serbia;

There seems to be several reasons for only a single digit economic downturn in the secondary quarter of 2020, when COVID-19 first emerged on a widespread basis in the country:

1. there was an acceleration of economic growth immediately prior to the crisis which helped stave off a larger downturn during this pivotal quarter,
2. the specific traits of Serbia's economy being reliant on lower-value production enterprises (such as agriculture and food-processing) meant that the country has been less dependent on the sectors hardest hit by COVID-19 (including production of durable consumer and investment goods²⁶ and tourism,²⁷;²⁸ and finally (4) the majority of companies in Serbia (63%) responded that they had sufficient financial reserves to withstand the strong liquidity pressures imposed by the crisis, without needing to look for financing options externally (CEVES, 2020).

The future remains unclear, and Serbia must be prepared for unfavorable events.

Reserves that buffered the impact of the initial months of the crisis have likely been used up, while the temporary easing of certain public health restrictions at an early stage has meant that COVID-19 infection rates increased in late June 2020 to levels as severe as those seen in March 2020 – April 2020. Beyond concerns over further spread of the virus, Serbia remains highly exposed and fragile to the external economic shocks that might come from sluggish EU recovery, as the EU is Serbia's dominant trade partner (SORS, 2020f). The Government and NBS measures did have a positive impact on sustaining the first economic blow from the crisis, but as underlined in Chapter 4, "Macroeconomic Response and Multilateral Collaboration," any future fiscal, monetary or regulatory interventions should be more targeted in the future in order to be most effective. Current intervention measures are widespread (and horizontally applied across the economy), as well as indiscriminate to the type of business or industry, and as such are inefficient and reduce the

26 In 2019, only 28% of Serbia's exports were durable investments and consumer goods, while 60% of its exports were intermediate and non-durable consumer goods (SORS 2020l).

27 The travel and tourism sector directly contributed 0.9% of Serbia's GDP, compared an EU average of 3.9%. Countries that significantly rely on tourism and travel include Croatia (6.2% of GDP) and Greece (17% of GDP) (WB,2020j).

28 For businesses that are included in global supply chains networks (including SMEs), COVID-19 reduced their resilience due to the high and complex dependence of the businesses on the many global players that were affected and their endangered operations in the face of lockdown measures (UNDRR, 2020).

country's ability to continue to provide fiscal support in the future as and if the crisis continues. Building the Serbian economy's resilience to this crisis would require a widespread effort both by companies (to constantly explore new ways of pivoting their business and creatively adjusting to new circumstances), but also by government (to increase its capacity to closely monitor recovery so that it can provide timely and targeted support as needed in the future).

To prepare the economy to become more resilient, and for the Serbian economy to leverage this crisis to "build back better" (including by focusing on more inclusive and greener enterprises) we need to ask the right questions. These questions may go beyond just the immediate causes and effects of this crisis. What are the key drivers of future change? What factors will determine businesses', especially SME businesses', resilience in the future? Which sectors and type of jobs are among the most vulnerable to any future economic shocks? How can we prepare? What are the bottlenecks for Serbia investing in resilience for its businesses? How can government institutions and other stakeholders collect and use disaggregated data on SME performance and pain points throughout the early stages of COVID-19s to better inform targeted and intersectional policy and fiscal approaches in the future? What are the biggest, and perhaps unexpected, opportunities that have emerged despite the COVID-19 crisis?

WHAT WAS THE IMPACT OF COVID-19 ON JOBS?

COVID-19 disrupted a period of employment growth in Serbia which had emerged due to an improving macroeconomic outlook and economic growth during the 2018-2019 period (as reviewed in more detail in Chapter 4, "Macroeconomic Response and Multilateral Collaboration").

In the year prior to the pandemic almost 70,000 jobs were added to the economy (SORS, 2020c). This employment growth was driven by manufacturing, trade, hospitality, construction and professional activities, which accounted for 89% of all new jobs in the country from 2016-2019 (though the overall employment rate in the country at the start of COVID-19 stood at only 48.7% (Ibid.). However, the quality of employment prior to the crisis remained a challenge in the country, and informal employment by some accounts amounted to around 18% of total employment, affecting mostly men, prime age workers (those between 25 and 54 years old), older workers, less educated workers, and workers in southern Serbia (SORS, 2020b). The activity rate (which includes engagement in both the formal and informal economies) has been and remains low at 54%, with a significant gap between the male (61.3%) and female (47.3%) activity rate for the population aged 15 years and over (SORS, 2020c).

With the outbreak of COVID-19 in Serbia there were legitimate fears that it would lead to immediate and massive losses in jobs and working hours during the first half of 2020. These expectations were consistent with the experience of other countries that have introduced strict confinement measures, combined with the rapid deterioration of regional and global economic conditions that have widespread and detrimental economic effects.

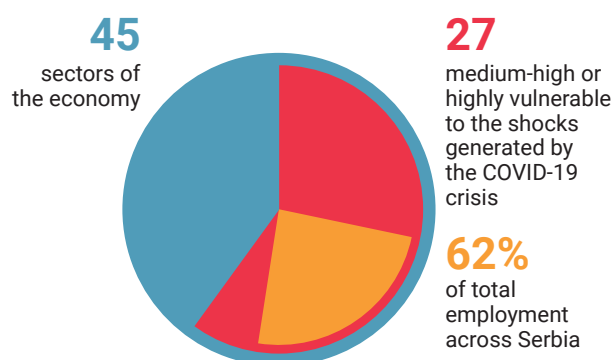
Official statistics show that 94,100 jobs were lost in the first half of 2020²⁹ as a result of (SORS, 2020c). This reflected a relatively low number of layoffs combined with a high loss of working hours. Serbia did not differ much from the average losses recorded in Europe and globally in this regard, as many economic activities had to stop completely, while others operated at reduced capacity as the nature of many businesses fundamentally changed as public health measures were introduced. Importantly, the statistics show that not all workers who stopped working during the lockdown were laid off. Some employers opted to continue paying their workers, through savings, loans or with the support of newly introduced employment retention programs. Based on the official data, overall employment numbers declined by the end of the second quarter of 2020 by 94,100 workers (a 1.5% drop compared to the) (SORS, 2020q). This reduction does not include jobs that were temporarily lost in the informal economy in April 2020, which were later regained after the lockdown measures subsided. In fact, the International Labor Organization (“ILO”)³⁰ for the second quarter of 2020, representing an) (ILO, 2020a)³¹

Some of these effects can be explained partly as the result of the government’s fiscal, liquidity, and job-preservation measures, all of which reduced or postponed COVID-19’s impact on registered unemployment numbers. Hence the unemployment rate (and the fact that it remained relatively steady compared to the severity of the crisis) is clearly not the best indicator of the immediate impact COVID-19 had to the labor market (ILO, 2020b). Lower unemployment rates were partly due to a strong increase in the inactive population during the second quarter of 2020 (at 185,200 people) compared to prior quarter at the end of 2019 (SORS, 2020n). This was the result of fewer working-age people looking for a job during this time period (SORS, 2020n). The government’s decision to fund minimum wage employ-

ment (through a conditional grant scheme for employers) for more than one million workers across Serbia improved short-term liquidity for employers, but cannot prevent the loss of Serbian businesses’ market share, the disruption of supply chains, and the drop in demand, all of which are longer lasting threats, and which will trigger layoffs as soon as government interventions and measures have ended. Moreover, the fact that many employers did not apply or ask for or solicit government support indicated that many of them prefer the flexibility of reducing their labor force rather than constraints accompanying short-term liquidity support, such as government-backed grants and loans.³²

Still, facing a crisis with unknown future, it is crucial for Serbia to understand labor vulnerabilities so that it can prepare for anything (including additional negative shocks that may be coming). Factors that drive this economic vulnerability, as recognized by the ILO study, include: rates of self-employment (with consideration given to self-employed and sole proprietor (or “own-account”) workers and those employed by the informal economy; the precariousness of employment contracts (especially for those in temporary and part-time work); depressed wage levels; and, the presence of micro-enterprises (businesses with 10 employees or less) (ILO, 2020a).

The ILO study underlines these vulnerabilities by finding that among 45 sectors of the economy that it observed, 27 of those sectors are considered medium-high or highly vulnerable to the shocks generated by the COVID-19 crisis, with those 27 sectors representing around 62% of total employment across Serbia (Ibid.).



29 In the first quarter of 2020, 58,400 men lost their jobs compared to 2,500 women, while the second quarter of 2020 overall saw an opposite trend as businesses adjusted more long-term to the crisis with 34,700 women losing their job compared to an increase of 1,500 more jobs for men (all figures on a net basis).

30 Based on the ILO’s methodology and forecasting model, which is comprised by estimating the number of working hours lost every week due to the crisis and then transforming this information for the purpose of illustration, into full-time job equivalents (FTE).

31 The effect on FTE job loss among World Bank countries compared to the effect on Serbia can be found in Annex 1.

32 As Chapter 4, “Macroeconomic Response” underlines, 1,016,535 workers were covered by this measure, which indicates that more than 50% workers remain uncovered. This confirms that a significant number of employers were not covered by Government support.

The ILO study outlined eight sectors as particularly vulnerable, including:

1. Wholesale trade (other than motor vehicles and motorcycles);
2. Retail trade (other than motor vehicles and motorcycles);
3. Wholesale and retail trade (including repair of motor vehicles and motorcycles);
4. Accommodations;
5. Land transport and natural resource transport via pipelines;
6. Food and beverage service activities;
7. Forestry and logging; and
8. Crop and animal production (including hunting and related service activities).

In these eight sectors, the breakdown of workers across Serbia include: almost 314,000 of whom are own-account workers; over 267,000 of whom are informal economy workers; approximately 735,000 of whom are employed by SMEs; and, over 100,000 of whom have only a fixed-term contract (ILO, 2020a). Hence, the cumulative number of workers employed in the highest risk sectors, and thus the number that are at highest risk of losing of their jobs and incomes, can be approximated to somewhere between 5% - 25 % of total employment in Serbia (Ibid.).

Even though this crisis further signaled the need for labor legislation reform, the Serbian economy is still constrained by a relatively rigid labor market and issues related to workers' rights. Since the outbreak, there have not been any initiatives to change the otherwise relatively rigid labor market legislation in Serbia, which still relies on the concept of high protection for salaried employees rather than a focus on workers in general. Current legislation does not recognize "non-standard workers" and leaves substantial groups of workers without adequate legal protection and without proper integration in the social protection system, hence leaving them vulnerable to the crisis. During the State of Emergency, the government issued a decree prescribing to employers how they should regulate work during the State of Emergency – including work from home requirements for their employees. However, it fell short of providing an adequate legal framework for practical implementation. Most importantly, this emergency decree regulates employment conditions for work conducted outside of an employer's premises (i.e. work from home), but does not specify how employees with special circumstances (children at home who are not in school due to lockdowns, housing and utility challenges, etc.) should do so. This indicates that there's a need to amend and update the existing Labor legislation and make it more sustainable, more

flexible and more inclusive, a change that would also aid in Serbia's preparedness for the possible next waves of the COVID-19 crisis.

WHO SUFFERED THE MOST?

The COVID-19 crisis affected everyone but impacted workers differently depending on their type of job, the sector they were employed in, and the size of their company. The most negatively affected workers were those employed by smaller companies, those sectors directly restricted by the lockdown, and those employed by the informal economy.

The crisis proved that size matters – smaller companies were impacted the most, but they were also more agile to adapt their business model or products to the new situation. More than two thirds of SMEs were interrupted by COVID-19 (CEVES, 2020). While 20% of SMEs had to restrict almost their entire operations, as many as an additional 49% of these SMEs worked with significantly reduced capacity and significantly lacked resources (Ibid.).

Interestingly, medium-sized companies showed the highest resilience in the economy – they were both "small enough" to be agile and adapt, but also had capacities, structure, and resources that were more similar to larger companies, which helped them attract financial resources ([Figure 7, Annex I](#)).

On the other hand, large companies had capacities, structure, and resources, but they suffered from being rigid and slow and unable to adapt as quickly to the rapidly changing environment of the outset of the crisis (Ibid.).

At the sector level, the most heavily impacted sectors were those most restricted by the lockdown, while the least affected ones were the agricultural and food sectors. Measured by GDP, the highest YOY decline in Q2 was in arts, recreation, and other services³³ (a drop of 32% YoY), professional services³⁴ (a drop of 21% YoY), trade, transport, and hospitality³⁵ (a drop of 17% YoY), and manufacturing,

33 This included businesses related to the arts, entertainment, and recreation, other service activities, and activities of households as their own employers.

34 This included businesses related to professional, scientific, and technical activities, and administrative and support service activities to support the same.

35 This included businesses related to wholesale and retail trade, the repair of motor vehicles and motorcycles, transportation and storage, and accommodation and food service activities.

mining, and other hard industry³⁶ (a drop of 8% YoY) (SORS, 2020o). Travel, hospitality, and transport sectors had an almost complete temporary restriction on their businesses, which affected all companies in these sectors (Figure 3).

food producers and food retail (except for farmer' markets and green marketplaces, which remained affected due to physical distancing measures in place), as well as professional service businesses (CEVES, 2020). The closure of

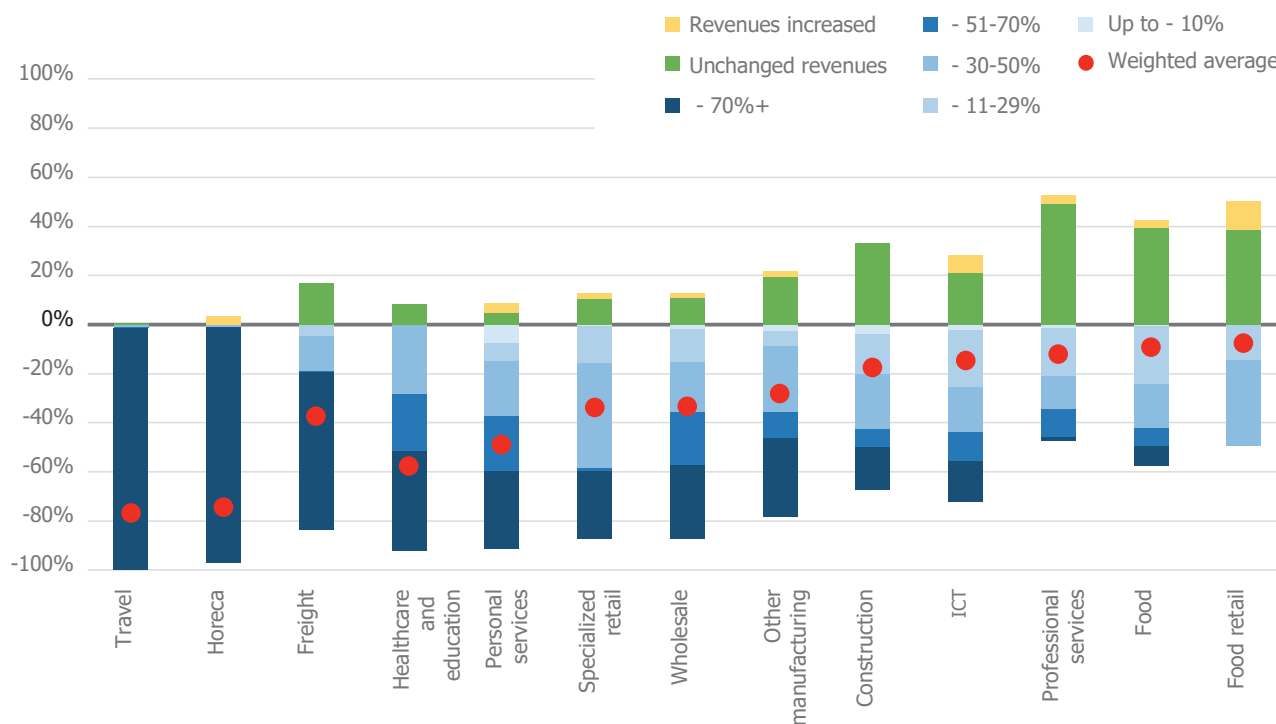


FIGURE 3:
Sector Revenue: Economic Impact on Various Sectors vs. Weighted Average (CEVES, 2020).

These effects were severe, but to a large extent only temporary. Once the lockdown was lifted, these sectors picked up some parts of their activities: for example, while the part of the tourism sector that normally benefits from foreign tourists (Belgrade, Novi Sad, and other major cities) suffered tremendously, rural tourism expanded due to Serbian citizens' restriction to travel abroad during the summer and the fact that even prior to the crisis, rural areas did not depend heavily on income from foreign visitors (MoT, 2020). Cultural and creative industries were also heavily affected by the crisis, particularly those dependent on indoor gatherings, live performances, and cultural tourism. These enterprises have experienced a reduction in the scope of their business activities resulting in a decrease of income, with 26% of them laying off at least some of their employees (UNESCO, 2020).³⁷ On the other hand, the least affected sectors were

farmer's markets and green marketplaces during the lockdown period severely affected small farmers who use such markets as a primary income stream, in comparison with larger agricultural businesses. Nevertheless, essential food supply chains were sustained and not brought to a standstill during the crisis (FAO, 2020).

While the lockdown measures created immediate but temporary effects, disruption in supply chains and the structure of global demand might create significant consequences in the future. The most highly affected sectors are those that experienced a reduced demand for goods (both in production and consumption phases) and those more integrated into the global supply chain (such as the automotive and textile industries). Industrial production in Serbia immediately dropped by 17% YOY in April 2020 (SORS, 2020p). The most severe impact was on the industrial production of motor vehicles, furniture, textile, and clothing and apparel (a reduction of 84%, 54%, 62% and 46% YOY, respectively) (Ibid.). Production in these sectors, and thus exports more generally, had a one-month lag, with ex-

³⁶ This included businesses related to mining and quarrying, manufacturing, electricity, gas and steam supply creation and maintenance, and water supply, sewage, waste management and related remediation activities.

³⁷ Cinematography, publishing, design, and music industry (UNESCO 2020).

ports decreasing in April 2020 but hitting the bottom in May 2020. The immediate drop in exports affected both production investments and durable consumer goods sales (which experienced a 53% and 55% YOY drop, respectively) (SORS, 2020h), while intermediate and non-durable consumer goods sales, which represent 66% of Serbia's classified export, suffered less (experiencing a 26% and 11% YOY drop, respectively) (Ibid.). While both industrial production and trade picked up in June 2020 and July 2020, the majority of business sectors did not return to pre-crisis levels (Ibid.). Further, export recovery is highly dependent on whether the virus continues to spread, whether further lockdown decrees are announced across other national and regional economies, and whether external demand and recovery for key foreign purchaser markets recover more generally (QM, 2020).

The agriculture sector seems to have sustained its activity through the crisis thus far, but the general downturn of the economy might severely constrain the financial situation for this sector for the remainder of this year and the following year. The national food system has been affected, but it has so far adapted to ensure that none went hungry. However, containment measures for the crisis had a short-term effect on agricultural operations, and interrupted selected food supply chains, including the hospitality sector and farmer's (or "green") markets. Agriculture is particularly time sensitive - timing for cash flows, preparing the soil, planting, harvesting, and for the delivery of fresh and healthy food are all reliant on adherence to clear timeframes.

The crisis restrictions left farmers and traders with limited options for selling and distributing their fresh and perishable products (FAO, 2020). Particularly affected were micro and small farmers. Based on FAO findings in Serbia, early vegetable farmers on average either lost or donated 20-30% of their production in order to avoid food waste, while many micro and small farmers had to dispose of almost their entire production (Ibid.).

This issue affected the livelihood of many households, since small and medium farmers represent a relatively high share of Serbia's population. Unlike the EU where agriculture is usually concentrated in fewer but larger agricultural landholders, agriculture in Serbia is very fragmented and as many as 23% of households across Serbia rely on agriculture to some extent (SIPRU 2020e). For some of them, agriculture represents the sole or dominant source of income. Unregistered farms were particularly vulnerable during the crisis (there are about 113,000 agricultural households who are considered "unregistered farms") (FAO, 2020). These farms were not eligible for government



May 2020, Stara Planina
© UNDP, Marko Risovic

support measures, they could not mobilize labor during movement restrictions, and their buyers (wholesalers or middlemen, both domestic and abroad) were often prevented from operating in some cities (FAO, 2020).

A FOCUS ON VULNERABLE GROUPS

Informal workers were among the most vulnerable groups and bore the brunt of this crisis. The informal economy is highly flexible since workers have no official contracts, without almost no legal or institutional protection or other rights. This means that firms in the informal economy feel, and are, fully flexible to promptly dismiss their workers and, if and when conditions allow, to re-employ the same workers again. **Thus, the pre-existing vulnerability of informal economy workers was exacerbated by the crisis and might further increase due to employer flexibility and the relative poverty and inequality among this group of workers.** The ILO's global estimates show that, with a continued crisis, informal economy workers' monthly average income would drop by 28% in upper-middle-income countries (which includes Serbia), 76% in high-income countries, and 82% in lower-middle and low-income countries (ILO,2020b). With further increases in income inequality among worker classifications an even greater proportion of informal economy workers would be left behind. If we assumed these workers did not have any alternative income sources, the lost labor income would increase relative poverty for informal workers and their families by more than 21% across upper-middle-income countries (which includes Serbia), almost 54% in high-income countries, and 55% among lower

and low-income countries (Ibid.). In addition to this impact to those individually employed by the informal economy, there is also a spillover effect of this on the formal economy: even legally registered companies can be dependent on the informal economy for part-time or seasonal workers, and those working in the formal economy can be dependent on those in the informal economy for more informal coping measures, such as reliance on financial support from friends or family for their business activities, all of which further increases the complexity and risks of impact to the informal economy.

Even though the livelihood of these workers was significantly endangered during the lockdown, they were unfortunately almost entirely invisible to government support schemes. As many as 70% of informal workers claimed that their financial situation worsened during the crisis, while 36% responded that they did not have enough resources to make ends meet (OHCHR 2020; IPSOS, 2020). However, unlike other countries in the region, the Serbian government did not have any tailored support targeted to this vulnerable population, nor were they recognized by any strategic document or COVID-19 relief plan (OHCHR 2020; FCD, 2020). The social safety net of government support was not expanded to the larger share of people in need; instead the entire fiscal stimulus referred only to those (employers and employees) in the formal employment sector (GoS, 2020b). Thus, other than across-the-board one-off payments of 100 EUR to the entire adult population of the country, informal workers in Serbia did not have any specific financial support.

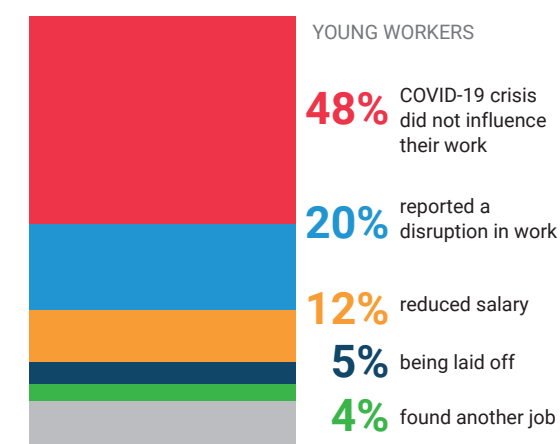
Based on ILO estimates, COVID-19 imposes a higher risk to women in the labor market. The crisis had distinct and different impacts on men and women, with men the hardest hit during the first quarter of 2020 and women the hardest hit during the second quarter of 2020 (ILO, 2020a).

Women, who account for 76% of jobs in the health and care sectors in Serbia, are on the frontline of the crisis. Women are also overrepresented in the informal service sectors and in labor-intensive manufacturing sectors (for example, women represent 81% of the workforce in apparel manufacturing) (Ibid.). Looking at gender implications of the crisis, 53.9% of women workers are in high-vulnerability sectors (identified above), representing about a 6% increase per sector on average (Ibid.). At the immediate reaction to the crisis in March 2020, firms dismissed mostly men (a net 58,400 men lost their jobs during Q1 of 2020 compared to a net 2,500 women in the same period), while Q2 of 2020 saw an opposite trend (a net 34,700 women lost their jobs during Q2 of 2020 compared to a net 1,500 job increase for men in the same period) (SORS, 2020n). During the same time period, working conditions for women were more neg-

atively affected (only slightly) (Table 3, Annex I). Impacts to working conditions included higher workload (impacting 22% of women compared to 16% of men), longer working hours (impacting 8% of women compared to 7% of men), and an increase to the affects from family members during work hours (impacting 18% of women compared to 16% of men) (SEConS, 2020b). Still, a slightly higher share of men reported having reduced salary compared to women during the same time period and being forced to take an unpaid leave (Ibid.) (Table 3, Annex I).

Youth have also been impacted by the crisis, reporting increased anxiety as it relates to work in the post COVID-19 period.

While 48% of young people who work perceive that the COVID-19 crisis did not influence their work, 20% of youth reported a disruption in work, with 12% reporting reduced salaries, 5% reporting being laid off, and 4% reporting they had found another job (UNICEF 2020h).



In this same study, 62% of youth reported having negative thoughts and sentiments about their future after COVID-19 (Ibid.). While they perceive that flexibility and adaptability will be essential for work in the future, the biggest obstacles for young people are a lack of skills, particularly a lack of entrepreneurial skills, a lack of financial support and a lack of contacts perceived as necessary to be successful in the workforce (Ibid.). With the potential prolonged economic downturn, reduced employment across the board, and the general market transformation, youth will need support to adapt to the changing economic environment.

HOW DID THE ECONOMY RESPOND?

The economy was immediately sent into shock with the lockdown measures that required significant changes in operations, including shorter working hours, requirements to work from home, and others. The majority of companies adjusted their operations to the new conditions (CEVES, 2020). Those that remained in physical working spaces introduced physical distancing measures (85% of those businesses in the production sector and 79% of those businesses in other services (excluding specially designated lockdown services at these businesses) (Figure 11, Annex I) (Ibid.). This includes some industries whose operations have traditionally been considered as “physical” or “in-person” work, outside of the home. For example, 53.3% of cultural and creative sector firms said that they had adapted to COVID-19 by switching to online work activities: they offered online cultural content, including recorded material, digitalized material, as well as online live performances (UNESCO, 2020).

A smaller segment of the economy adjusted its operations through digitization and e-commerce, but there is growing interest to increasingly do so. Over the past decade e-commerce in Serbia has gained its place within legislative and institutional frameworks. Banks and other payment institutions have offered different methods of e-payment, which is essential to expand this sector. In addition to the national postal operator, courier services have also started operating more broadly across the country. Even though there was an interest in e-shops prior to the crisis, this crisis accelerated this interest. In only the first quarter of 2020 (the beginning of the crisis), the number of online payment transactions increased by 48%, while the number of e-shops increased by 37% (NBS, 2020e). In fact, a non-negligible 8% of firms adjusted their sales to e-commerce during the crisis, most successfully in the food sector, where 36% of businesses increased their reliance on e-commerce options during the crisis (CEVES, 2020).

However, e-commerce usage in Serbia is still in its early stage of development and adoption, and e-commerce structures were unable to provide ready-to-use infrastructure as a response to COVID-19.

A particular weak point seemed to be logistics and delivery. For example, the Ministry of Agriculture tried to support small farmers during the lockdown period given the closure of open air marketplaces (a primary source of sales for small farmers), by linking them to e-commerce distribution options through the launch of an online platform called “e-Pijaca” (e-marketplace). Some producers and traders were active in organizing home delivery services for local buyers. However overall the results of this attempt to dig-

itize small farmers were rather limited. While the platform provided a virtual marketplace, farmers themselves were responsible for delivering products, which was both costly and logistically difficult for most. Ultimately, digitizing the ordering and distribution process turned out to be a significant bottleneck for farmers, and is something which needs to be addressed in order to ensure that a larger number of farmers are able to modernize and place their products on online marketplaces in the future.

In terms of government support, measures that were introduced and aimed at easing the impact of the crisis were well received and useful to the majority of businesses surveyed. These measures were particularly targeted at mitigating liquidity issues at businesses (aside from protecting jobs for individual workers). As many as 75% of companies noted they were faced with difficulties with their financial obligations as a result of the crisis (CEVES, 2020). The most utilized government measures were those related to payment of minimum wages and deferral of taxes (Figure 10, Annex I). On the other hand, loans backed up by government guarantees were not utilized by a wide share of businesses (Ibid.). While there is no evidence demonstrating how efficient government measures were in terms of reaching companies in need (specific to targeting businesses efficiently), the OECD estimates that the most effective measure of intervention has been wage relief (OECD, 2020). Also effective, though somewhat less so, has been debt moratoriums, while the least effective measure has been tax relief (Ibid.).

Still, businesses’ liquidity issues might impose a much higher risk in future. Thus, providing SMEs access to a wider range of financial instruments (both equity and debt-based) would be crucial in helping prepare them to be resilient in the face of future crises.

Relying on loan instruments backed by government guarantees in the future might not be an effective solution for many SMEs. In the first wave of the crisis, a majority of businesses relied on their own financial reserves (63%), while only 12% applied for bank loan (CEVES, 2020).³⁸ Key experts confirm that commercial banks kept their conservative approach to providing loans to SMEs throughout the crisis. In fact, these experts underline that banks were not expanding their client base or providing additional opportunities for liquidity for SMEs despite guarantees provided

³⁸ The remaining 25% of businesses reported not having financial difficulties during the crisis.



by the government and international financial institutions,³⁹ which they justified by the high operational costs of administering SME loans and employing a responsible approach to money provided through guarantees. Still, **once SME's own financial resources have been exhausted, without wider access to financing options SMEs might find themselves in an insurmountable liquidity trap.**

Finally, banks and financial institutions need to integrate disaster risk reduction into their investment and lending decisions in order to enable SMEs to better manage their own risks.

Finally, disruption to global supply chains impose both risks and opportunities: if the Serbian economy is to both recover and proactively adopt measures to help whether the next (or a continued) crisis, it needs significant technological and digital transformation to help businesses survive.

Managing delivery and logistics during lockdown was an issue both for domestic and foreign suppliers. A quarter of production businesses had trouble obtaining domestic orders, and 18% of businesses had trouble obtaining foreign orders (CEVES, 2020). As similar issues emerged across the EU, they recognized the need for diversifying supply chains and utilizing Central and Eastern European ("CEE") countries as near-shoring destinations for production (including Poland, Slovakia, and others) (European Commission, 2020b).

However, market penetration and market takeover by Serbian companies (as Serbia could be an attractive destination for near-shoring) would require significantly increased efficiencies and technological innovations in order to be able to compete with and replace businesses in other locations that are highly cost-effective (including China). Rapid digital transformation and technological development are changing the business world and the risk landscape, with every day seeing an increase in technology risks related to cybersecurity. Even enterprises that are resilient today will need to adapt and work on prevention of cyber-attacks and other future risks.

³⁹ Only 34% of businesses regularly have a bank loan, in the absence of this crisis (CEVES, 2020).



4

Macroeconomic Response and Multilateral Collaboration



CHAPTER 4

This chapter provides insight into the impact of COVID-19 on Serbia’s most important macroeconomic and financial indicators, as the basis for a discussion on the country’s readiness for further expansionary policies that support the response and recovery efforts needed to contain the crisis, improve preparedness for future shocks (of a similar or different nature) and restore progress towards Serbia’s achievement of the SDGs.

THE IMPACT OF COVID-19 ON SERBIA’S MACROECONOMIC FUNDAMENTALS

The Serbian economy was strongly impacted by the COVID-19 pandemic. However, due to the sound macroeconomic performance in the years immediately prior to crisis and the specific structure of the Serbian economy, it is expected that Serbia’s GDP drop in 2020 will be lower than that of other Western Balkan countries and others across the EU region.

Indeed, as shown in **Figure 4** below, GDP growth in the previous period was driven by intensified investment activity against a slight negative contribution of net exports (NBS, 2020b). In line with this, the Serbian economy expanded by a robust 4.2% in 2019, after a 4.4% increase in 2018 (which itself was significantly above the average annual growth rate of the previous years) (MFIN, 2020). However, as these previous years were impacted first by the global financial crisis (from 2009-2012) and later by the catastrophic floods of 2014, Serbia’s average growth rates from 2013-2020 were still below the growth rates in other SEE countries. In the early months of 2020, before the COVID-19 outbreak, Serbia was in a relatively sound macroeconomic position as it had brought down its external debt and considerably lowered its fiscal deficit. The fiscal deficit was cut from 6.2% of GDP in 2014 to as little as 0.2% of GDP in 2019, shaped by an increase in public revenues (from 39% in 2014 to 42.1% in 2019) and by a decrease in public expenditures (from 45.2% in 2014 to 42.3% in 2019) (WB, 2020b). As the fiscal deficit decreased, the while economy simultaneously was expanding at a healthy rate, public debt as a percentage of GDP dropped from 67.5% in 2014 to 52% in 2019, according to data from the Ministry of Finance (MFIN, 2020a).

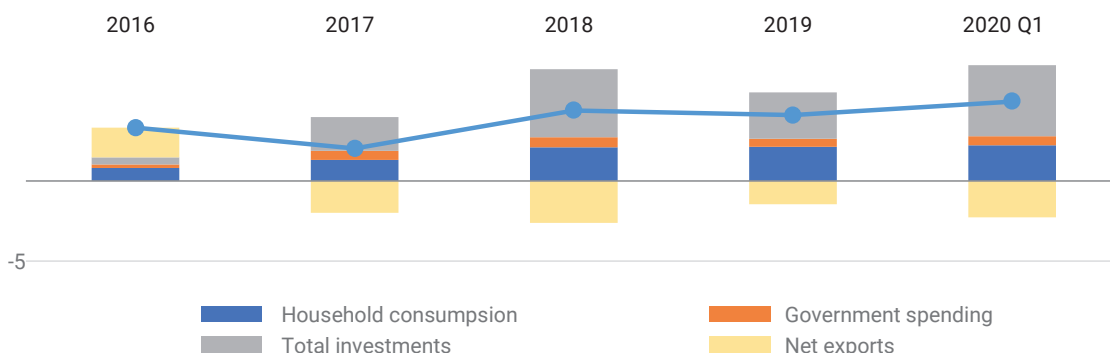


FIGURE 4: Contribution to GDP Growth by Key Aggregates (in percentage points) (NBS,2020b).



At the same time, prior to the pandemic, inflationary pressures had eased, largely because of stable EUR to Serbian Dinar (“RSD”) foreign exchange rate as well as low global commodity prices.⁴⁰ As a result of these trends, the annual inflation rate has remained below 2% since 2017, and the NBS gradually further eased its monetary policy, with its key rate dropping from 11.25% in 2012 to 2.25% at end of 2019, all the while foreign exchange reserves at the NBS continued to rise, gradually.⁴¹

Following this period of macroeconomic stability, COVID-19 is now impacting the Serbian economy through at least three channels. The first is through the external sector (i.e. impacts to exports, foreign direct investments, remittances,

to the different estimates available, as follows: European Commission projects a 4.1% drop (European Commission, 2020a), the IMF projects a 3.0% drop (IMF 2020a), and UN DESA projects a 3.6% drop (UN DESA, 2020b), with details from the IMF data as shown in [Figure 5](#) below.

Further, without additional budget rebalances by the end of this year, the fiscal deficit is projected to increase from the (pre-COVID-19) expectation of 0.5% of GDP to a full 7%, in line with the trends in other countries, while public debt is estimated to rise from the (pre-COVID-19) expectation of 49% to 59-60% (QM, 2020). Even so, the budget deficit and debt to GDP ratio will plausibly remain sustainable provided that growth resumes in Serbia in the medium term (Ibid.).

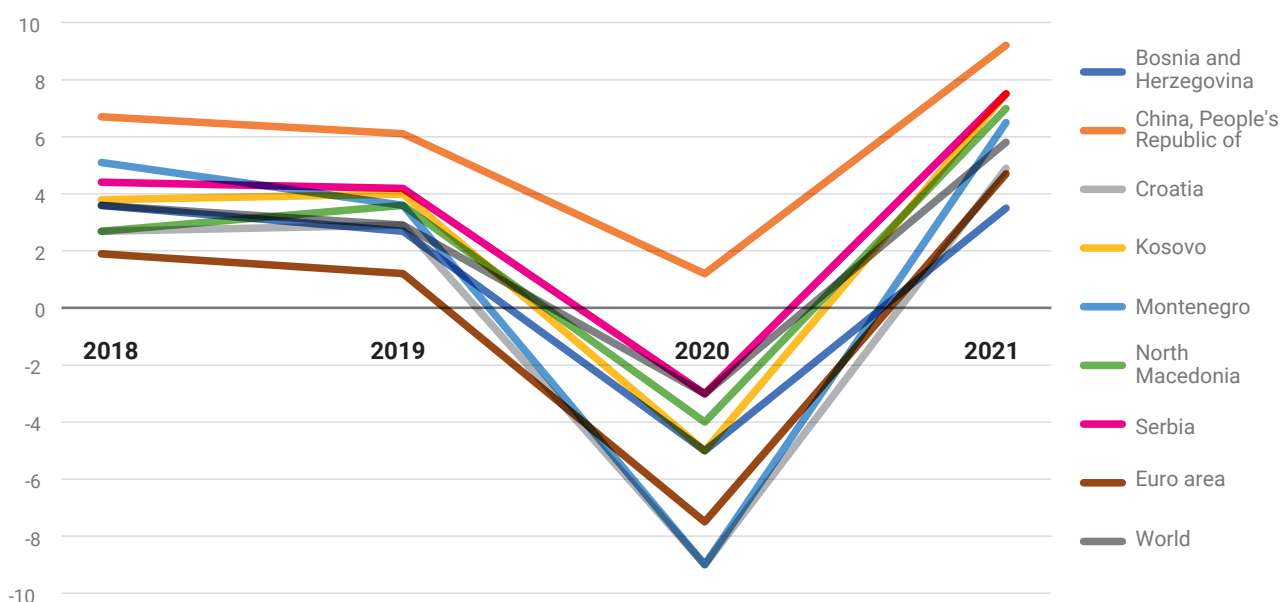


FIGURE 5:
Real GDP Growth, with Projections (Annual Percent Rates). Source: IMF, 2020a

tourism, etc.). The second is through the combined fall in personal and corporate expenditure as well as investment, all triggered by the confinement measures and the indirect effect of the external sector contraction. The third is through the current and possible future contraction of the financial sector.

Due to the combined impact of these shocks, examined in more detail in the following pages, Serbia's GDP in 2020 is expected to drop by between 3% and 5.3% YoY, according

Currently available projections show a lower drop in GDP as a result of COVID-19 when compared to other countries in the subregion and more generally across Europe. This is due to a number of factors including: the ambitious fiscal and monetary measures deployed by the government and NBS; the relatively modest share of tourism, and the large share of the country's GDP concentrated in by sectors that less have been less heavily impacted by the crisis, including agriculture, forestry and fishing (comprising 15.2% of GDP combined), administrative and support services (9.0% of GDP combined), the IT sector (5.5% of GDP) (SORS, 2019a).

⁴⁰ While having a positive effect on inflation, the exchange rate has undoubtedly at the same time penalized exports, contributing to lower competitiveness and the growing current account deficit.

⁴¹ Ibid.

These sectors, in total, made up for over 30% of GDP in Serbia (Ibid).⁴²

This overall relatively positive outlook in the short-term needs to be supported by accompanying measures, as discussed in other sections of this report, in order to translate to better outcomes for the poorest and most vulnerable businesses and individuals and to generate momentum for the transition to a green and more sustainable economy in the medium and long term.

THE CHANNELS OF ECONOMIC CONTAGION

The **export market** has been an important vector of economic contagion in Serbia as it is a relatively open economy, with an export to GDP ratio of over 50% (as compared to stronger ratios of 74% in the Czech Republic and 83% in Hungary, on the one hand, and as compared weaker ratios of 40.9% in Romania, on the other) (Eurostat, 2020b). As a result of the depressed demand worldwide that occurred during lockdown for major export markets, in April 2020 and May 2020 Serbia's exports dropped significantly (by 29% and 26% YOY, respectively) (SORS, 2020i). This translated into an overall export drop of 9.5% YoY for the January 2020 - May 2020 period. Exports are expected to rebound in the second part of 2020, resulting in forecasts for 2020 that range from a 7% to a 18% drop in exports YoY for 2020 overall (WB, 2020b). The extent of the rebound will depend upon demand from major export markets in Europe, particularly the automotive sector, as well as demand for semi-finished goods such as steel and components. For example, currently EU automotive sales are projected to drop by 25% in 2020, which may translate into sharper losses for Serbian exports in the second half of 2020, given the country's relatively high reliance on exports of cars and car components (ACEA, 2020).

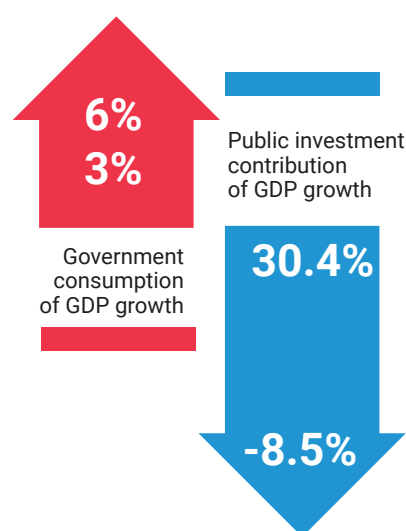
Remittances are also an important component of the Serbian economy, with the inflows totaling some 8% of GDP in 2019 (WB, 2020i). However, given the ongoing slump in economic activity globally, these inflows are forecasted by the World Bank to drop by about 20% YoY in 2020 overall (WB, 2020b). The **tourism sector**, which accounts for a comparatively modest 0.9% of Serbian GDP (WB, 2020j) is also estimated to have suffered important losses: in June 2020 the number of tourist arrivals and overnight stays decreased,

respectively, by 52.5% and 43.3% YoY (GoS, 2020e). This may have important spillover effects across the economy. Overall, the preliminary estimates by the Ministry of Construction, Transport, and Infrastructure (the "MCTI") estimate a loss of over 137 million euros to the tourism sector for 2020 (Ibid.)

Foreign direct investment, as well as total investment, are also expected to contract in 2020: according to recent estimates government investment would decline by more than 20% in 2020 and total investment by more than 16%, while private investment is expected to decline by around 14% (UN DESA, 2020b). In sum, negative external pressures compounded with the contraction of national demand. This was due to, on the one hand, lockdown and other restrictive measures to protect national health, and on the other hand, the resulting depressing impact from the external export sectors.

The composition of government expenditures will also be critical in supporting the economy's recovery from the COVID-19 crisis. According to the provisional data available, government expenditures will be skewed towards consumption (for example, salaries and pensions) at the expense of mid-term and longer-term investment.

Respectively, government consumption is estimated to increase from 3% to 6% of GDP growth, while public investment is poised to drop from a positive contribution of 30.4% to a negative one of -8.5% of GDP growth.



42 In constant 2018 prices, the broad structure of the Serbian economy was dominated by the following sectors that were not strongly affected by cyclical performance: agriculture, forestry and fishing (15.2% combined), construction sector (12.8%), administrative and support services (9.0% combined), the IT sector (5.5%), together which made up over 40% of GDP. Those sectors that were strongly affected by cyclical performance include: accommodation and catering (8.0% combined), financial services (7.5%) and transport (5.6%), all of which contributed a much smaller share of total GDP, in part explaining, as noted, the relatively lower fall in GDP of Serbia with respect to other countries.

While increased public consumption is a common trend during a recession, when public support to the most vulnerable is key to sustain through a recession, this is a worrying

signal. Sustained GDP growth in Serbia in 2018 and 2019 was due in no small part to sustained public investment, also important to support the country's long-term growth, and expectations are that public investment will dramatically decrease to make room in the budget for shorter term expenditures.

Additionally, it appears that much of the investment that will continue will be concentrated in transport infrastructure and construction, which, if confirmed in the final data, raises concerns as to long term economic and environmental sustainability of such efforts, and their coherence with Serbia's commitments under Agenda 2030 (MCTI, 2020). The scope of this investment will chart and define the country's recovery. Government investment in physical, as well as in human and natural capital, has large multiplier effects and can result in employment gains but also improvements to reaching sustainable and inclusive growth, while accelerating the transition to a circular and green economy.

THE IMPACT OF THE PANDEMIC ON THE FINANCIAL SECTOR

The financial sector is another key channel of interconnectedness for economic recovery and was shocked by the impact of COVI-19. Small, open economies, like those of Southeast Europe, are particularly vulnerable to financial sector spillovers because of high cross-border exposure, the high share of foreign-owned banks in the local banking sectors, and the persistent macroeconomic imbalances. Unsurprisingly, in the early phases of the crisis, this led to large portfolio investment outflows from emerging countries in Europe to more developed financial markets, totaling about US \$4.8B (IIF, 2020), while stock markets in subregions like Southeast Europe tumbled. However, there have been no portfolio net outflows from foreign-owned RSD-indexed assets such as treasury bills since the beginning of the crisis (as shown in the recent balance of payments data). At the same time the Serbian stock market lost almost 17% of its value since the beginning of 2020.⁴³

While the financial sector can be a vector of economic contagion, it can also shield the real economy from the effects of the crisis; for example, by providing liquidity to financially strained companies and households. Financial institutions can also help the real economy recover by, for example, providing export financing and credit insurance mechanisms (WB, 2020d).

As described in detail in **Box 3**, the government and the NBS have acted to support the financial sector in this role, so

as to prevent turbulence across financial markets and to support both business and personal liquidity in the country. In doing so, the government has reached its intended objectives of preserving otherwise healthy businesses from bankruptcy and containing the effects of the crisis on jobs and livelihoods.

At a global level, the expansionary monetary policies adopted by national central banks and global financial institutions, combined with depressed global demand, have driven interest rates to record lows. Policies like moratoriums on interests and repayment, and to some extent subsidized loans, have also strongly incentivized businesses and individuals to borrow at reduced and guaranteed interest rates.

As the crisis wears on, it is important to now reflect on the long-term effect of these measures, which will inevitably lead to the creation of an important volume of debt. Two priorities should be pursued as we look towards the next phase of the crisis. First, a prudential level of borrowing should be maintained and the overall debt exposure of both corporates and consumers should continue to be monitored.

For the time being, the level of non-performing debt is well under control (as of the end of June 2020, the non-performing loan ratio was at 3.7%) (NBS, 2020c).

Second, further reforms are needed to develop and deepen the capital market in Serbia. This is now even more urgent, because the COVID-19 crisis can otherwise contribute to consolidating the already dominant position of banks as the primary source of capital for businesses in Serbia. In this context Serbia is already an extremely bank-centric market, with an underdeveloped stock market and low financial intermediation, as both the rates and the procedures for issuing bonds are simply "not competitive compared to bank loans."⁴⁴ Given this backdrop, reforms aimed at reforming the capital markets are critical during this time. (WB, 2019a).

Pursuing the creation of a vibrant and modern financial sector, a process that is already in the advanced phase of planning, should be urgently pursued as it will be vital to financing the long-term needs of the country as it faces recovery from COVID-19 and further, a transition to a carbon neutral, green and inclusive economy in Serbia.

43 It should be noted that because the stock market is quite shallow, this development has not significantly impacted the national economy. For more information, see Belex - Beogradska Berza (<https://www.belex.rs/eng/>).

44 See "Serbia's Capital Markets are Underdeveloped, But There is Cause for Hope," Emerging Europe (March 12, 2020) (<https://emerging-europe.com/business/serbias-capital-markets-are-underdeveloped-but-there-is-cause-for-hope/>).

THE GOVERNMENT OF SERBIA'S ECONOMIC RESPONSE

The government took several actions to mitigate the impact of the COVID-19 crisis on health, the economy and society. The government's response included both fiscal and monetary measures, as seen in **Box 3** below.

BOX 3: FISCAL INTERVENTIONS TAKEN BY THE GOVERNMENT

- **Deferral of tax payments and contributions** on salaries until early 2021, at the earliest;
- **Direct payments to companies** equal to the minimum wage for sole entrepreneurs and SMEs and subsidies of up to 50% of the minimum wage for larger companies. These measures were extended until September 2020 (though for August and September this measure was reduced to 60% of the minimum wage for sole entrepreneurs and SMEs).
- **Loans at preferential rates and guarantee schemes** focused on SMEs, agro-farms and co-operatives and other at risk businesses.
- **Direct one-time payments** to all citizens at the rate of 100 EUR to all adult citizens, and an additional 34 EUR top-up for pensions (each paid in RSD).

The direct payment measures to companies (related to minimum wage subsidies) were estimated to cover more than 1.02M people (MFIN,2020b) and to amount to a total cost of 97.3B RSD. The one-time direct payments cost 1.1B EUR and were equivalent to 1.7% of Serbia's GDP.

To address the immediate economic impacts to the tourism sector, the government introduced the following measures: the distribution of 160,000 holiday vouchers to compensate for the commensurate number of foreign guests that otherwise would not be visiting, and the launch of a loan line specific to tourism-related companies to improve these companies' liquidity and working capital under these circumstances (sponsored by the government's Development Fund), including provisions for a longer repayment period of up to five years and a grace period to begin repayment of up to two years, as well as other terms (OECD, 2020c).

Overall, the government's program of support to companies and citizens (detailed in **Box 3** and **Box 4**) was ambitious, totaling some 3.7% of GDP in net terms,⁴⁵ with approximately 2B -2.1B EUR directly disbursed by the government. In addition to the direct fiscal stimulus, the government provided over 2B EUR to the local banking system in the form of guaranteed loan schemes (QM, 2020). As a result of these interventions, public debt is projected to rise to about 60% of GDP by the end July 2020, though it is expected to remain

within a manageable range, as reflected by the steady credit valuation rating of the debt at a "BB+" (Ibid.)

Since the economy in Serbia had been relatively stabilized since 2014, the government had a relatively large opportunity in the fiscal space to implement various measures at the beginning of the crisis. The measures largely met the purported target of avoiding a collapse of domestic consumption and investment. The impact on the current account deficit gap widened, but it remained adequate due to coverage by capital inflows. The current account deficit increased, a trend that was already underway before the current crisis, to 8.7% of GDP in Q1 2020 (NBS, 2020c). However, this was adequately covered by inflows of foreign direct investment and borrowing in the same period, while the EUR to RSD foreign exchange rate was stable during this period at around 1 EUR:117.5-118 RSD.

Reviewing the stimulus package for its inclusivity and adherence to the country's commitments under the Paris Agreement and Agenda 2030 reveals the following areas for improvement which can be considered by the authorities in the months to come:

- Many of the government intervention measures target the relatively affluent: 24% of Serbia's population is unbanked and cannot directly benefit from debt moratoriums or interest rate cuts (WB, 2018b), while informal workers (who comprise a high portion of Serbia's workforce) are not able to receive any of the subsidized wage payments or support schemes.

⁴⁵ In the last budget rebalance, the government reduced expenditures for public investments and expenditures for goods and services by around 0.5B EUR.

BOX 4:**MONETARY INTERVENTIONS TAKEN BY THE GOVERNMENT**

- **Successive interest rate cuts** by the NBS: respectively, on March 12, 2020 the key policy rate was lowered to 1.75%, the deposit facility rate lowered to 0.75% and the lending facility rate lowered to 2.75%; subsequently on April 9, 2020 the key policy rate was further cut to 1.5% the deposit facility rate further cut to 0.50% and the lending facility rate further cut to 2.50% (NBS, 2020i).
- **Bank payments to compensate for the reduction in interest rates.** On July 20, 2020, the NBS decided that it would compensate banks for the 0.50 percentage point reduction in interest rates on RSD loans under the guarantee schemes.
- **Injection of liquidity:** The NBS ensured market liquidity by providing banks (via its monetary policy instruments) additional RSD liquidity worth 41.1B RSD and foreign exchange liquidity worth 96.0M EUR. Additionally, a liquidity support program for banks was launched through repurchase (repo) and swap transactions.
- **Moratorium:** Banks and lessors were required to offer a 90-day moratorium on debt payments and to suspend loan repayments, and all other bank obligations. These measures were later extended for an additional two more months.
- **Measures for homeowners:** On June 11, 2020, the NBS relaxed its loan-to-value ratio for first-time home buyers on their mortgage loans, increasing the limit from 80% to 90%.

- Universal measures, such as some of those implemented, are not cost effective and cannot be sustained in the long run. Given the uncertainty as to the duration of the crisis, an alternative to universal measures, such as the universal payments to all citizens that were made, include proposals focused on Temporary Basic Income ("TBI"), as recently proposed by UNDP. TBI can be a better alternative in that it provides a top-up payment only for those people below a vulnerability threshold, rather than a blanket payment to all citizens, some of whom may need supplementary income and others of whom would not. It is estimated that enacting a TBI program in Serbia would require a monthly cost of 0.43% of GDP (UNDP, 2020a).
- Future measures can integrate incentives that can ease some of the constraints identified in this report: for example, for the implementation of environmental standards, reduction of the country's carbon footprint, etc.
- More assistance can be provided to the government to help systematically analyze and assess the quality of gender-responsiveness in COVID-19 efforts. For example, there are policy levers can be activated through careful review of response plans and the budgeting processes to make sure these take a gender-responsive lens and consider the most vulnerable populations.

Based on the analysis above, Serbia retains a certain amount of fiscal and budgetary space for further counter-cyclical measures as and if needed as COVID-19 continues to develop and evolve. It is important that this fiscal and budgetary space is even more carefully managed going

forward. First and foremost, this additional fiscal space is needed to support public health priorities (which may necessitate continued closure or restrictions to businesses), with such priorities identified in Chapter 1, "Health First – Impact on Health Services and Systems." Second, the crisis could also ricochet through cascading international market crashes (instigating a sharp fall in the value of property, defaults in financial markets, mounting and unserviceable corporate debt, etc.) which would limit access to financial markets even for relatively stable economies like Serbia.

It is also possible that the economic and humanitarian crisis caused by the COVID-19 pandemic may be much longer than we currently anticipate. In the words of the WHO Director-General, Tedros Adhanom Ghebreyesus, "There is no silver bullet at the moment and there might never be." (WHO, 2020c) Further, another wave of contagion, or an external shock of a similar or a different nature, such as a disaster caused by a natural or human-made hazard, cannot be ruled out for the remainder of 2020 and beyond. And, further funding will be needed for other longstanding priorities which began prior to the crisis, including priorities like supporting Serbia's transition to a carbon-neutral and circular economy that is resource-efficient and greener.

MULTILATERAL AND REGIONAL COOPERATION

The recovery of the Serbian economy and that of other countries in the Balkans and Southeast Europe will depend in no small part on international and regional developments which remain highly uncertain. The crisis has played out in the global context of sluggish economic growth, height-



ened tensions on trade markets and, importantly, massive debt, estimated at over 220% of global GDP at the end of 2019, with a high prevalence of corporate debt of which a substantial part was characterized as junk or of very poor quality.⁴⁶ Through its impact on economic activity, trade flows, and both aggregate demand and supply, the pandemic has had dramatic effects on the macroeconomic system, leading to stock market crashes, extreme financial volatility, and sharp falls in interest rates and commodity prices. All global indicators are projected to be falling in 2020: GDP by 6%, global trade by between 12% - 32%, and foreign direct investment ("FDI") flows by around 40% (UNCTAD, 2020). Corporate and public debt have further skyrocketed, reaching levels never seen in the past two decades (IMF, 2020a).

After intense disruptions in March 2020 and early April 2020, monetary policy interventions from national central banks and fiscal measures by governments globally and regionally have so far prevented the health and economic crisis from causing more permanent havoc on international financial markets.

Continued uncertainty persists as to the capacity of governments to sustain these measures in the long run or replace them with longer-term measures of the same breadth to continue to support continued global macroeconomic stability, especially as debt moratoriums at national and international levels are going to expire, leading potentially to large-scale bankruptcies.

At the regional level, after the chaos of the early days, the European Central Bank ("ECB") enacted a policy of monetary easing, based on the Pandemic Emergency Purchasing Program ("PEPP"), which effectively stabilized sovereign debt across the EU area. This was accompanied by large-scale liquidity provisions to the banking system, including the offer of loans to EU area banks at rates up to 100 basis points below the ECB deposit rate. This was accompanied by a large array of fiscal measures aimed at preserving income stability, maintaining jobs, and avoiding bankruptcies (both consumer and business). On July 21, 2020, the EU Council agreed on a comprehensive package of 1.8243B EUR which combined a multiannual financial framework and the "Next Generation EU" package of support, to help countries rebuild after the COVID-19 pandemic and to support green investments and digital transition (CEU, 2020). The package contains specific provisions targeting the EU neighborhood and the acceding countries (including Serbia), and will open important windows of opportunities for

Serbia and the subregion which will be pivotal for the country's recovery.

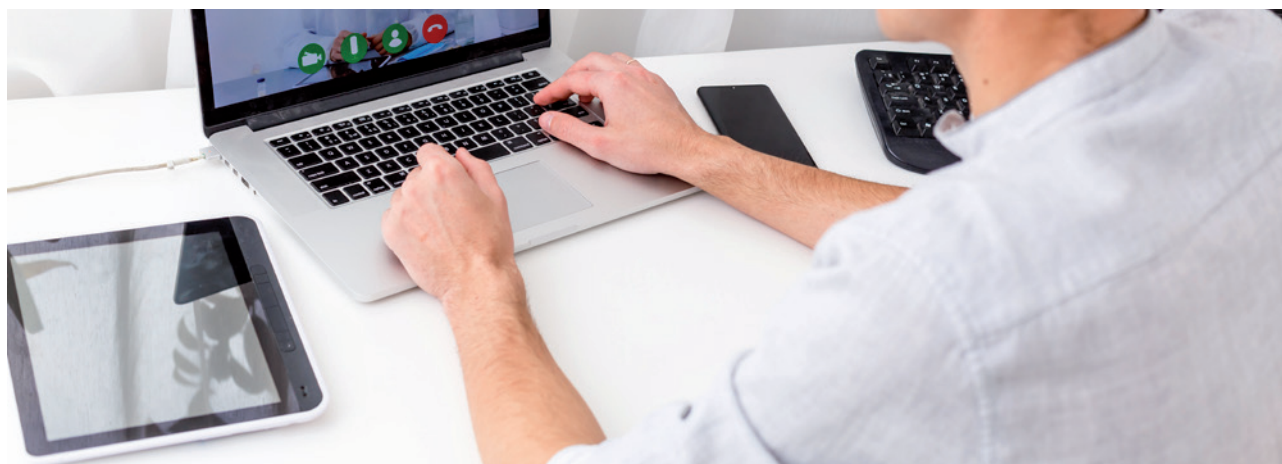
Within the Western Balkans and Southeast Europe, after an initial period during which protectionist measures were enacted to obtain and retain PPE and essential medical equipment, trade cooperation resumed and was strengthened through the "Green Corridor" project that eased transport and trade flows across the subregion. This initiative was based upon a joint intervention of the Central European Free Trade Agreement ("CEFTA") and Transport Community Secretariats (a delegation of Southeast European transport leaders) which addressed specifically the additional precautionary measures necessary to contain to operate despite the COVID-19 outbreak. It was intended, and indeed, reached, its stated objective of guaranteeing unimpeded transit of essential goods, with 24/7 guaranteed custom and phytosanitary proceedings, fast sanitary checks and prearrival information exchanged electronically through the "system of electronic exchange of data" which is already in place and supports exchange of data between the customs administrations in the CEFTA region (CEFTA, 2020).

Other opportunities for cooperation among the sub-regional partners were missed, however, including the possibility of jointly procuring medical equipment and PPE across the region. At the same time Serbia, along with North Macedonia and Montenegro, participated in the recently established "rescEU" stockpile of medical equipment and, since 2012, has also participated in the Emergency Response Coordination Centre ("ERCC") which has provided important venues for inter and intra-regional cooperation, both of which can be further strengthened.

During the crisis, the Berlin Process (an initiative aimed at stepping up regional cooperation in the Western Balkans and aiding the integration of these countries into the EU, with projects in the fields of transport and infrastructure, economic connectivity, and youth cooperation, among others) gained additional momentum. Regional cooperation initiatives were also activated through the Regional Youth Cooperation Office ("RYCO"), the Western Balkans Chambers Investment Forum ("WBCIF") and the Western Balkans Fund ("WBF"), among others.

Seeking to consolidate these results in the longer term, an EU-Western Balkans summit took place on May 6, 2020 (originally planned to be in person, but held via video conference due to COVID-19), and brought together heads of state or government from EU member states and leaders from the six Western Balkans partners (Albania, Bosnia and

⁴⁶ The Economist, quoting the Institute of International Finance, putting global corporate debt (excluding financial firms) at 92% in 2019, up from 84% in 2009 (<https://www.economist.com/finance-and-economics/2020/03/12/corporate-bonds-and-loans-are-at-the-centre-of-a-new-financial-scare>).



Herzegovina, Serbia, Montenegro, the Republic of North Macedonia and Kosovo⁴⁷).

The high-level meeting took stock of the measures that have allowed streamlined procedures to simplify the flow of goods during the pandemic and renewed partners' priorities for improving the infrastructure at border points as well as transport corridors. This remains an important priority as it was calculated that in 2016 intra-regional shipping trucks in the region spent 26M hours at internal borders or common crossing points, amounting to more than 80% of their time driving in the region (WB, 2017).

Regional cooperation efforts during the pandemic also included efforts in other sectors, including among others:

- Two meetings of the Agriculture ministers of the sub-region were convened by the Regional Rural Development Standing Group in Southeast Europe ("SWG"), to coordinate measures ensuring adequate and timely food supply deliveries, including simplifying or abolishing some of the customs procedures and efforts to coordinate subsidy schemes to support farmers and agricultural producers.

- The ministers of culture at the sub-regional level engaged in a virtual dialogue, organized by UNESCO in April 2020, to discuss the impact of the health crisis on the cultural sector, as well as on the responses being enacted. It was acknowledged that COVID-19 has profoundly affected the cultural sector at regional, national, and local levels due to mobility restrictions and containment measures, resulting in closure of heritage sites, cancellation or postponement of events and interruption of cultural production. The unequal access to technology will also further deepen the inequalities in access to and diversity of cultural expressions in the world.

Successful coordination and cooperation at the regional level and with European partners will remain key for Serbia to recover and also to reap the potential opportunities stemming from increased efficiency and resiliency measures that have been adopted from the crisis (and could be useful long-term), as well as those opportunities that could arise from a possible near-shoring of some of supply chains across Europe as a reaction to the heightened risks of global trade in recent months.

47 References to Kosovo shall be understood to be in the context of Security Council resolution 1244 (1999)



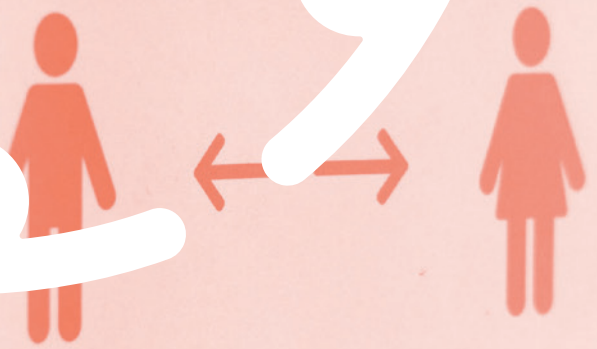


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5 Social Cohesion and Community Resilience

CHAPTER 5

The COVID-19 crisis is unprecedented not only in the depth of its impact, but also in the extent of the impact on the entire population and across all vital sectors within a society – health, economy, social and education chief among them.

Persistent high uncertainty in terms of the spread of the virus and its multiple impacts imposes a tremendous risk for future outcomes. **Handling this crisis becomes particularly difficult at the local level, where municipalities vastly differ in their resilience and capacity to respond.** Community resilience highly depends on institutional capacities, social capital, and community networks – both formal and informal – and each of these communities' ability to adapt, adjust and ultimately resist a crisis like this. However, as we will discuss below, territorial inequalities across regions in Serbia are relatively high. At the same time, having the high centralization of sectors such as health and social protection at the national level, managing the crisis on the ground requires much improved coordination and information exchange between the national and local authorities.

Still, local communities are where all aspects of development are put in place and are where people do not tend to leave their neighbors behind. The role of local governments and communities has been critical in responding to the immediate needs and recovery efforts of the crisis. At the same time, cities and regions continue facing risks in their local contexts, which make the landscape of risk particularly complex and increases the vulnerability of citizens, vital systems, and economies.

This chapter talks about the impact of COVID-19 on local communities in Serbia, their resilience, institutional capacity to respond to the crisis, and important facets of collective, community action. Even though there is a great gap in available information on the impact of COVID-19 on local communities, we try to provide household and local perspectives to this crisis and to at least shed light on some

important issues that have arisen at the local level in the aftermath of the crisis.

IMPACT ON LOCAL COMMUNITIES AND HOUSEHOLDS

Local communities and households showed a certain level of resilience during the first wave of the crisis, but for the vulnerable, the poor and those less developed regions, it was particularly hard to cope. The lockdown measures, including work and mobility restrictions, impacted households' income and consumption patterns. Most local services and shops (including cosmetic and hair salons, craft workshops, mechanic shops and cafes) were temporarily closed.⁴⁸ Mobility restrictions heavily affected farmers and commuting workers alike. While many of these consequences were eased once the restrictions were lifted, pressure on jobs and incomes was not eliminated, even with the easing of restrictions.

Both urban and rural communities were affected by the crisis, but with somewhat diverse effects. Similar to global patterns,⁴⁹ the most affected communities (based on reported COVID-19 cases in Serbia during the first wave of the crisis in March – April 2020)⁵⁰ were large cities and regional centers, with the southern and eastern regions of Serbia affected the most due to rapid spreads in these areas.⁵¹ As previously elaborated, individuals in urban area faced slightly higher restrictions as part of COVID-19 contingency measures. Still, while older people in rural area had rela-

48 For more information on closure of local services, see <https://www.propisi.net/najnovije-odluke-vlade-srbije-sednica-od-21-mar-ta-u-vezi-sa-sprecavanjem-sirenja-virusa-covid-19/>.

49 See the UN Sustainable Development Group, "Policy Brief: COVID-19 in an Urban World" (July 2020) (<https://unsdg.un.org/resources/policy-brief-covid-19-urban-world>), which underlines that as many as 90% of all COVID-19 cases worldwide are reported in urban areas.

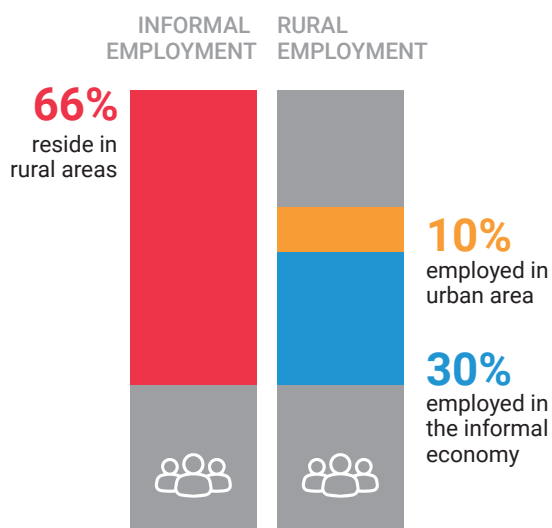
50 This data is as of June 2nd, since there is currently no access to territorially disaggregated data on confirmed cases as of time of publication.

51 Statistics on COVID-19 retrieved as of June 3, 2020 from official website on COVID-19 cases in Serbia (<https://covid19.data.gov.rs/>).



tively lower movement restrictions,⁵² they were also already faced with being more vulnerable since many older populations in these rural areas are not formal pension receivers, and they did not receive the government-sponsored one-off payment to pensioners (in the amount of an additional 35EUR to pensioners) (ILO, 2020a).⁵³ Women, both in urban and rural areas, were immediately and uniquely affected by an increase in unpaid care work required by households, as a result of kindergarten closures, home-schooling, and care for older family members at higher risk for the virus with more extreme movement restrictions (UN WOMEN, 2020b). In general, workers in rural area were particularly exposed to the risk of income reduction since rural communities are more likely to be deeply entrenched in the informal economy, which was more affected.

Of the total numbers of informal employment in Serbia, 66% employed in the informal economy reside in rural areas; of the total numbers of rural employment in Serbia, 30% of those employed and residing in rural areas are employed in the informal economy (compared to 10% in urban area) (SORS, 2020b).



Similarly, seasonal agricultural workers suffered due to already high rate of employment of this group in the informal economy (57% of seasonal agricultural workers are employed in the informal economy (FAO, 2020).

General suspension of public transport networks created a short-term impact on mobility and thus economic activity for both rural and urban areas. To help prevent further spread of COVID-19 during the first wave of the pandemic, public transportation throughout Serbia was shut down as soon as the State of Emergency was declared on March 15, 2020.⁵⁴ This negative impact on citizen mobility particularly affected rural households, women and commuting workers who are more dependent on transport networks for their livelihood and work. Women as a group were disproportionately affected as they have a much lower rate of having a driver's license (35% of women have obtained driver's licenses, compared to 71% of men) (SeConS, 2020; DCIG, 2019), so without public transport many had to rely either on family members or were left without viable transportation (Ibid.). Around 22% of businesses faced difficulties related to the transportation of their employees to work (CEVES, 2020). Still, it seems that most of communities adjusted in the short term. Businesses adjusted usually by organizing transport for their workers (in place of the shutdown, public transport networks), while specific types of workers were granted movement permits (SCC, 2020). However, obtaining movement permits from the relevant authorities at the beginning of the crisis took too much time, which was an issue for farmers for whom time was crucial for the freshness of their goods and they could not spare a day without jeopardizing seasonal harvest production (FAO, 2020). In fact, the FAO estimates that the seasonal yield of some farmers could have been reduced up to 30%, since producers were not able to perform usual agricultural operations due to the restriction of movement during initial stages of the crisis (Ibid.).

COVID-19's impact on the labor market had big implications on the incomes of working families and on households that rely on remittances. While some households lost significant portions of their total income due to job loss, some were faced with wages dropping in April 2020 in an amount of 1.3% MoM, which then only recovered in June 2020 (SORS, 2020j). The biggest decline in wages was in the manufacturing sector (which experienced a 3% YoY drop), with some sectors more severely impacted (Ibid.).⁵⁵ Particularly affected were poor households that rely on remittances. Remittances dropped significantly and are ex-

52 Those over the age of 75 living in rural areas were permitted exceptions to the movement restrictions otherwise applicable across the country, which allowed them to move freely inside their courtyards, while in urban areas the population over the age of 65 were mostly "locked-down" in apartments during the entire day during the restrictive period.

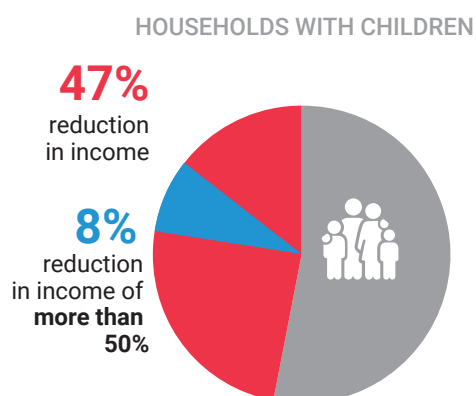
53 It is estimated that around 200,000 elderly people in rural area do not receive pensions, since either they were not previously employed, or they worked in unregistered agricultural households in the informal economy. Furthermore, since these people are not registered into the pension fund as ongoing recipients, they did not necessarily receive the one-off government support payments specific to pensioners.

54 For more information, see <http://www.pravno-informacioni-sistem.rs/fp/covid19>.

55 Manufacturing sectors that reported particularly high YoY drop in wages in April included manufacturing related to beverages, electrical equipment, tobacco products, and rubber and plastic products (which experienced a drop of 16%, 11%, 10%, and 7%, respectively).

pected to continue falling given the impact COVID-19 has had to the global economic system. The immediate drop in remittances in April was a 58% decline YoY, while for the January 2020 – May 2020 period the overall YoY drop in remittance rates was at 30% (NBS, 2020a). However, for households in the 1st and 2nd deciles (the poorest ones) that receive remittances, remittances represent 77% and 51% of their total disposable income, respectively.⁵⁶

Focusing on households with children,⁵⁷ for 47% of these households the COVID-19 crisis led to a reduction in income, while for 8% of these households the COVID-19 crisis led to a reduction in income of more than 50% (UNICEF, 2020g).



The pressure on household income, together with a widespread anxiety about jobs and the outlook for earnings, often led to households across income levels cutting household spending where possible.

Based on GDP growth and consumer prices which indicate demand trends in the short term, it is evident that households mostly relied on basic consumption spending (food and beverage), while investment consumption was reduced. Household final consumption expenditure strongly declined in Q2 of 2020 for 8% YOY (SORS, 2020). Additionally, while usual inflationary pressures were present in basic commodities, lower consumption led to a drop in the price indices of most of the non-basic goods such as furniture, electrical equipment, cars, clothing and footwear (SORS, 2020a). On the other hand, for households with children, which constitute approximately one-third of all households

in Serbia, 25% of these households reported an increase in unplanned costs, with a slightly higher share of these reporting households coming from urban rather than rural area (28% of households with children in urban areas reporting an increase in unplanned costs vs. 17% of households with children in rural areas reporting an increase in unplanned costs); all the while 28% of households with children reported not being able to pay their bills (UNICEF, 2020g).⁵⁸ These unplanned costs were mostly COVID-19 related and often referred to medical and pharmaceutical products, medical services, hygiene and food costs (Ibid.).

In their quest for additional liquidity, households seemed not to approach banks for borrowing.

In fact, similarly to other EU countries, under the high uncertainty and insecure earnings households in Serbia were less willing to opt for loans as a source of income. Based on NBS data, the volume of new loans provided to citizens (such as personal loans) dropped significantly in the April 2020 – May 2020 period (NBS, 2020a). There was a sharp YOY drop in volume of personal loans in April, which slightly recovered in May 2020 and June 2020, but still remained significantly below the YoY levels from 2019 (with a reduction in personal loan volume of 76% in April 2020, 53% in May 2020 and 38% in June 2020, respectively) (Ibid.).

For some households faced with financial difficulties, coping mechanisms sometimes included a violation of the temporarily imposed restriction during lockdown. Local institutions, as noted below, did try to be effective in providing support to these individuals and families. However, due to the complexity and depth of the emergency, households stated that they were sometimes forced not to follow the restrictions. In fact, as many as 54% of those self-employed and sole proprietors admitted that they occasionally worked despite the restrictions imposed (SeConS, 2020b). Similarly, SME farmers often had to violate the movement and work restrictions, otherwise they would have jeopardized their production and seasonal harvests. The latter situation was mostly solved by provision of specified movement permits for workers in this sector, though some farmers and their workers continued to disobey movement and work restrictions if they could not obtain permits in time.⁵⁹

Overall, this crisis exposed the poverty fault lines across Serbia, particularly along pre-existing regional inequalities. The World Bank underlines that depending on the cri-

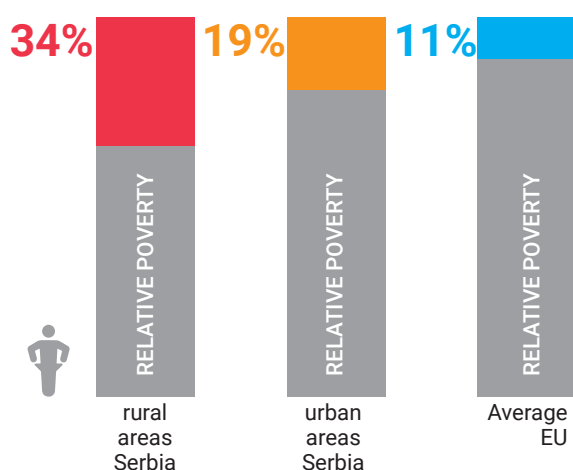
⁵⁶ This data is based on the information from Social Inclusion and Poverty Reduction Unit (SIPRU) to the UN in Serbia;

⁵⁷ Households with children represent around one third of the total number of households in Serbia (SORS, 2019c).

⁵⁸ Even though 84% of households live in their own apartment (SORS, SILC survey), for those with family that do not, more than half faced difficulties in paying rent or mortgage than before the epidemic (Ibid.).

⁵⁹ For more information, see Ministry of Agriculture Data (as of April 4, 2020) (<http://www.minpolj.gov.rs/kako-do-do-zvole-za-kretanje-uputstvo-za-proizvodjace-voca-i-povrca/?script=lat>).

sis duration, an additional 125,000 to 327,000 citizens could fall into poverty, while around 66% of those at risk because of the COVID-19 crisis currently receive no social protection benefits (WB, 2020b). The coverage gap for receiving social assistance in Serbia was already among the lowest in the EU prior to the crisis, with only 35% of the poorest quintile in Serbia receiving some form of formal social assistance (WB, 2015). The crisis will inevitably exacerbate the situation in less developed parts of Serbia⁶⁰ and among those that have higher rates of informal employment or rely more on remittances (both of which are anticipated to drop, and in the case of remittances, significantly, in 2020).⁶¹ Eastern and southern Serbia had the highest rate of people in absolute poverty prior to crisis (at 12.1%), compared to the Belgrade region with the lowest rate in Serbia (at 4.0%) (SIPRU, 2019). On the municipality level, the differences are even wider. Prior to the crisis, the estimated at-risk-of-poverty rate ranged widely, from 4.8% in Novi Beograd (the municipal region that includes Belgrade) to up to 66.1% in Tutin (the municipal region of Šumadija and western Serbia) (SIPRU, 2016).



The highest relative poverty in Serbia was in rural areas (where 34% of population live in relative poverty), compared to urban areas (where 19% of the population live in relative poverty) (Ibid.). The long-term poverty rate in Serbia was among the highest in EU region prior to the crisis, as the share of the population with persistent at-risk-of-poverty is 19% in Serbia, compared to the EU average of 11% (Eurostat, 2020c).

⁶⁰ Belgrade has 2.6 times higher GDP per capita compared to the southern and eastern regions of Serbia, while the employment rate for the working age population stands at 66.6% in Belgrade, compared to 55.8% in the southern and eastern regions of Serbia (SORS, 2020r).

⁶¹ UN DESA estimated a 20% drop in total remittances in 2020 (UN DESA, 2020b).

RESPONSE BY LOCAL INSTITUTIONS

Local institutions had an effective immediate response, but it seems that the overall crisis management by local institutions was mostly ad hoc and varied based on the territory and on the human and financial capacities of the local self-governments.

Crisis management in the municipalities was mostly coordinated at the central level (national) institutions, while local institutions mostly had an operational role of implementing strategies set from above. This reflects Serbia's institutional framework and the competences held by LSGs. The LSGs have the full responsibility over communal services, preschool education, local roads, and cultural activities. Health and social protection (two areas most acutely impacted and needed as a result of COVID-19) are subject to centralized responsibility at the national level or at the level of the autonomous provinces. While these responsibilities are sometimes delegated to LSGs, policies in these areas are largely made by central authorities, as the primary and ultimate decision-making power (CEVES, 2018). Thus, during this crisis, the LSGs had operational power, but very little decision-making capabilities to choose priorities most important for their individual regions and populations.

LOCAL SELF-GOVERNMENTS (LSGS)

Serbian LSGs were relatively efficient in their immediate response. Immediately upon the declaration of the initial State of Emergency on March 15, 2020, local governments established "Local Emergency Task Forces" assuming overall responsibility for managing the COVID-19 crisis within their territories and for ensuring the effective enforcement of containment and other restrictive measures, as well as the effectiveness of response by local community institutions.⁶² These task forces were coordinated by the "National Emergency Task Force," and on the local level included professionals from key areas such as defense, access to information, inspections, communal activities, housing affairs, health, agriculture, water management, forestry, work, social policies, environmental protection, and others.⁶³ These task forces, together with local public utility companies and local communal police, were in charge of providing improved basic services (such as sanitation and clean water) and enforcing temporarily imposed restrictions in travel as well as other restrictions.

LSGs provided a wide range of support, however the level of the support by each LSG was highly dependent on the human and financial resources of that LSG. The majority

⁶² Established in line with the Government Decree on Composition, the operations and the organization of Emergency Task Forces (the Official Gazette of the RS, No. 27/2020).

⁶³ Ibid.

of LSGs redirected financial support towards sectors they estimated as most urgent, such as the health and sanitary sectors, while as many as 73% of municipalities activated existing financial reserves that would not otherwise have been deployed (UNOPS, 2020). The financial support was often transferred to the health sector in order to provide necessary equipment for local primary healthcare centers, even though funding the public health sector is not typically within LSGs' full competence. Budget restructuring was also done by LSGs, at the cost of other programs whose financing needed to be reduced or canceled. For example, around half of the municipalities confirmed that their programs for support to agriculture were either entirely canceled or postponed for later in the season (usually in favor of funding public health initiatives), possibly missing the critical timing required for investment support to the agricultural sector, which is highly dependent on timing and seasonality (FAO, 2020).

Many local civil society organizations raised an issue of the lack of transparency on decision-making (including funding decisions) as well as access to information at the local level. The majority of LSGs switched to e-services during the crisis as a way to maintain physical distancing and adhere to movement restrictions, while 73% of LSGs established 24/7 call centers for their citizens to have a direct channel to their local authorities providing basic information (UNOPS, 2020). In many cases, these call centers only re-directed citizens to the central level institutions where they could obtain more detailed information (such as the Institute of Public Health of Serbia - Batut, the Serbian Chamber of Commerce, etc.). However, CSOs indicate that there was a lack of transparency in the entire process of crisis management, and insufficient flow of information to the public at the local level (UNOPS, 2020). **As LSGs reported, the lack of digital capacity and resources at the LSG level affected the full provision of online services (Ibid.).**

The majority of LSGs recognized having operational difficulties during the crisis due to the absence of an adequate local governance framework in place for managing this kind of crisis.

Two-thirds of LSGs indicated they believed there was a lack of relevant internal procedures, protocols and other normative acts that would help regulate organizational processes in a systemic way during a crisis of this nature, while only 3% of LSGs stated the opposite (that they had sufficient procedures, protocols, etc.) (UNOPS, 2020). **In fact, 60% of LSGs confirmed that their decision-making process related to COVID-19 was rather ad-hoc (Ibid.).** This includes both general crisis management, as well as specific operational management related to it, such as issues related to



April, 2020,
Volunteers in Zrenjanin

public finance management during a crisis, including tracing all expenses, the efficient allocation of resources, etc. The lack of real multi-sector cross-cutting strategies for resilience at the local government level, addressing post-event recovery as well as longer term resilience needs, is a longstanding challenge identified by LSGs (UNDRR, 2020).

Similarly, even though the COVID-19 crisis had an impact on entire local communities, LSGs did not have any particular approach to protecting those individuals with higher exposure to risk. While 86% of LSGs reported not being aware of discrimination cases during the crisis, a similar share (82%) also admitted to not having a developed system for recording cases of discrimination, nor defined procedures for a unified approach to vulnerable groups (UNOPS, 2020). In fact, 83% of LSGs do not have local legal frameworks that define the rights and the needs of vulnerable groups (Ibid.).

HEALTH AND SOCIAL PROTECTION

Unlike activities under the responsibility of LSGs, health and social protection sectors were fully coordinated by their central institutions at the central level.

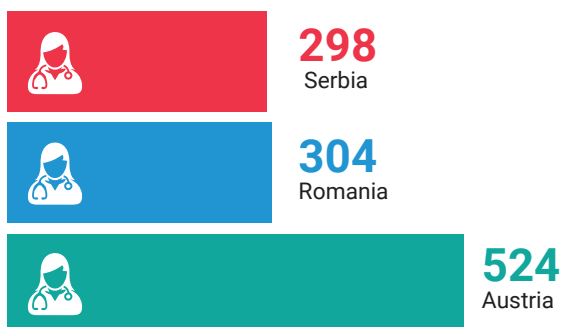
While health institutions had an immediate and efficient response to the crisis, resurge of the virus in June revealed some coordination issues and the consequences

exacerbated by different territorial capacities. A health crisis of this scale leaves all countries without full human capacity to handle it. In order to manage it, it is necessary to rely on adaptive and efficient governance mechanisms (including tracking tools, coordination and communication tools, and predictive tools to model scenarios of the spread of the virus), and highly efficient coordination between local and central authorities. As Chapter 1, “Health First – Impact on Health Services and Systems” shows, Serbia’s general health capacities and overall public and private spending on health is close to EU levels.

The system was initially designed to have equal distribution across districts to physical infrastructure and human capacities necessary to provide all threat level requirements for health prevention and treatment. However, there are still notable territorial differences in financial and human capacities, which exposed certain local communities to relatively higher risk due to what seemed to be also the lack of coordination in past months.

For example, measured by numbers of physicians per 100,000 citizens, Serbia is close to lowest of EU levels (there are 298 per 100,000 citizens in Serbia, while in the EU the proportions range from 304 in Romania to 524 in Austria) (Eurostat, 2020d).

NUMBERS OF PHYSICIANS PER 100,000 CITIZENS



However, there are differences at the municipality levels for the number of physicians per 100,000 citizens, as it ranges from 674 in Čuprija,⁶⁴ to 75 in Čoka, while 48% of municipalities are at below 150 physicians per 100,000 citizens (IPHS, 2019). These differences are partly related to the fact that

⁶⁴ Belgrade is excluded since the number of physicians per 100,000 citizens is very high due to the fact that the Clinical Center of Serbia (“CCS”) with all its clinics and institutes and other hospitals, given that this is an advanced training center healthcare institution in Belgrade (though it provides health services to patients from all parts of Serbia).

some municipalities are regional centers and have greater health infrastructures. However, during the COVID-19 crisis, examples from Tutin and Novi Pazar municipalities indicated the existence of coordination issues. The second wave of the pandemic, peaking again at end of June 2020, seems to have led to the lack of staff in local hospitals to treat all patients and to control the outbreak of COVID-19 in these two municipalities. While there is no official data, some CSOs underlined that at some point, there might have been worrying acceleration of the growth of confirmed cases, number of deaths, and the conditions in which people were treated in these municipalities. The government ultimately reallocated some medical staff from Kraljevo, Kragujevac, and Belgrade in order to better manage the crisis. **While this seems not to be the typical case at the local level, it is highly important to draw attention to it, as it may shed light on the need to improve and standardize governance mechanisms and communication efficiency between local and central authorities.**

While the healthcare system reacted promptly, the social protection system seems not to have provided timely and adequate response to what ultimately become a crisis broader than health, impacting areas such the economy and social cohesion. Unlike in other Western Balkan countries, in Serbia there was no legal adjustment that would ensure the effective expansion of benefits or the number of beneficiaries for poverty-targeted programs that would protect the most vulnerable, especially at the local level. This might indicate that the central social protection institutions either did not have capacity (including financial resources) to quickly adjust and respond, or did not have adequate feedback from the local level as to what support would be most needed and how necessary it really was. Older people reported that home care services (“geronto-carers”), which are locally funded, were reduced or completely interrupted in some communities during the State of Emergency (UN-FPA, 2020).

Similarly, one in every five children receiving material aid from municipal or local institutions had a problem accessing these services during the pandemic because such aid was disrupted, was late, or it was not possible to submit the required forms to obtain the aid given the restrictions in place (UNICEF, 2020a). Finally, the central government did not use Provision 110 under the Law on the Social Protection, which allows additional financial transfers from the central budget to LSGs for the protection of the most vulnerable populations. Since social protection policies are created at the central level, there is little space left for local institutions to directly respond to their citizens or to expand their support to people in need during crisis times.

The way forward for more resilient and effective LSGs would require not only:

1. putting social issues high on the national government's agenda but also
2. creating efficient coordination and information sharing between the central and local levels and
3. increasing trust in local social protection institutions among citizens.

Overall, there were no significant official objections raised by citizens to the local authorities related to management of the crisis.

Complaints regarding local government violations amounted to 4.47% of the total number of complaints reported to the National Ombudsman, with the vast majority of them pertaining to the overall efficiency of local administrations during the State of Emergency (Protector of Citizens, 2020). The majority of complaints referred to the inefficiency of local inspections to enforce the regulatory framework that was put in place at the local level and the inadequate provision of home care services to all clients in need (Ibid.). While these complaints occurred during the crisis, they partly can be attributed to the permanent lack in capacities of local inspection services and social welfare centers at the local level. However, there were numerous complaints by citizens of offensive speech and stigmatization of persons testing positive with COVID-19, as well as persons at higher risk of virus more generally (such as the older persons, and citizens of Serbia returning from abroad). While the Commissioner for Protection of Equality ("CPE"), strongly condemned such discriminatory, dehumanizing and legally-banned messages, there remained mixed messaging and adherence to this spirit at the local level. As result, the CPE issued approximately 20 warning, recommendation and other written initiatives to national and local government institutions related to a number of topics, including the availability and provision of in-house assistance social services, the issuance of movement permits in a timely manner, the issuance of fines to persons with dementia who left their houses during curfew, the functioning of safe houses, and the availability and provision of services to protect of victims of gender-based violence.⁶⁵

COMMUNITY RESPONSE

There seems to be strong activity among CSOs in supporting local communities. Most local CSOs were involved in humanitarian work, providing support to vulnerable

groups, providing access to relevant and timely information, and providing free legal support (UNOPS, 2020). The crisis itself had changed the way CSOs functioned and required their adaptation to the current situation as well. In the immediate response to the crisis, 84% of CSOs interrupted their regular activities, and dedicated themselves to COVID-19 related issues on the local level (Civic Initiatives, 2020). Although specific requests did not come from LSGs, certain examples at the local level indicated that even small CSOs had the capacity to provide support, along with solidarity for local businesses, and support for vulnerable and at-risk individuals (UNOPS, 2020). Larger CSOs also used their capacities to advocate to and attract donations from companies and other key stakeholders.

The Red Cross of Serbia played a key role in supporting the government in providing widespread aid, directly to communities. Even though the Red Cross is a non-governmental organization, the Red Cross of Serbia has a specific role in managing emergencies which is regulated by the Law on the Red Cross of Serbia. Having a strong network and human resources and capacity in all local communities, the Red Cross of Serbia provided aid particularly in activities which included mass volunteering and daily individual support to the vulnerable populations looking for health support. During the State of Emergency, the Red Cross of Serbia had continuous engagement among 1,350 volunteers across the country who contributed 570,000 hours of volunteering work, 589,000 home aid visits to individual households (among which 83,000 were considered elderly households) and 432,000 food and sanitary packages.⁶⁶

Many associations, networks and businesses stepped up by providing support and donations to communities and local institutions. The National Association of Local Authorities - Standing Conference of Towns and Municipalities ("SCTM") provided support to LSGs through technical and legal advice in properly operating during the State of Emergency, including providing daily information briefings and updates, facilitating coordination at the central and local level in specific areas, and advocating for a more locally sensitive approach in the overall management of the crisis. Similarly, the National Alliance for Local Economic Development ("NALED") used its network of LSGs and businesses to initiate corporate responsibility campaigns and launched a donation platform.⁶⁷ Through these, NALED provided more than 45 tons of food to 10,000 poor households across the country, raised around 2M EUR for the purchase of medical equipment, advocated for abolishing VAT on donations, and

⁶⁶ This data was provided by the Red Cross of Serbia in response to inquiries from UN agencies.

⁶⁷ For more information on corporate donations, see <https://naled.rs/en/covid-19-privreda-u-saradnji-sa-naled-om-donirala-45-tona-hrane-za-10000-domacinstava-3575>

⁶⁵ For more information, see <http://ravnopravnost.gov.rs/misljenja-i-poruke/zakonodavne-inicijative-i-misljenje-o-propisima/>.



April, 28

An aircraft carrying medical aid from the EU arrived in Serbia's capital Belgrade

took other actions).⁶⁸ In addition, many large companies independently either donated finances for combatting the crisis, or donated their products and services, such as beds, mattresses and bed linen sets to hospitals and social institutions, free short holidays for medical staff in spa centers, food products, technical capacity for building innovative solutions in institutions etc. Similarly, the foundation “*Catalyst Balkans*” pushed for donations through a **crowdfunding platform** to collect funding for particular initiatives, such as providing one-off financial support to cultural workers or funding for supporting the most vulnerable population in some of the hardest hit municipalities.⁶⁹

Business associations, particularly the Serbian Chamber of Commerce (“SCC”), played an important role at the local and regional levels. The SCC has a network of 17 regional offices which acted as a direct channel for impacted companies, having touchpoints with them on a daily basis.⁷⁰ They established continuous and vibrant online communication with companies, which enabled effective information flow from the local to the central level, and vice

versa, on topics such as updated information on suspended production, broken local supply chains, standstills at borders, and more. This network significantly contributed to stabilizing the local supply chains, primarily in pharmacies, food and retail, and logistics centers. The SCC was part of the National Emergency Task Force for the economy, so they covered services such as providing movement permits for companies working in three shifts, organizing transport for workers, coordinating businesses’ donation of medical equipment, and incentivizing businesses to shift production priorities towards PPE materials by offering 3D printers to produce protective visors, among other incentives.

Strong volunteering activity and solidarity between communities and local businesses emerged right from the beginning of the crisis. Local communities across Serbia showed passion for helping people through many avenues, including by donating face masks or volunteering and helping the older populations, whose movement was fully restricted. For example, in Sombor the centers for women survivors of domestic violence and for migrants and asylum seekers began sewing protective masks for Serbian public service workers.⁷¹ Networks of volunteers grew impressively fast during the initial lockdown. UNDP, in partnership with

68 Ibid.

69 For more information on the crowdfunding platform set up by Catalyst Balkans, see <https://catalystbalkans.org/>

70 For more information on the SCC’s work, see <https://pks.rs/strana/covid-19-info-servis-za-privreda>

71 For more information on the work of these groups in Sombor, see <https://www.unwomen.org/en/news/stories/2020/4/feature-serbian-survivors-of-domestic-violence-sew-face-masks-for-covid-19-response> and

<http://europa.rs/in-solidarity-when-it-matters-the-most-migrants-in-reception-centres-supported-by-the-eu-helping-the-people-of-serbia/?lang=en>.

the government's Office for IT and eGovernment, developed a government-sponsored volunteering platform (called "Be a Volunteer")⁷² aimed at assisting individuals who want to help their local communities. The number of volunteers on the platform grew from 1,600 within the first three days of launch, to over 7,300 of them as of early September 2020 (UNDP, 2020c). UNICEF, in partnership with the organization "Young Researchers of Serbia" and with the support of USAID and the Ministry of Youth and Sport, has called on young people to become online volunteers through the establishment of a different online platform for volunteering.⁷³ This initiative gathered around 2,900 young people and included their participation in key communications on COVID-19 and other key topics, online-based risk communications, the translation of educational materials to reduce language barriers in education, the provision of online peer support, and other activities⁷⁴. In addition, social networks were used to facilitate the volunteerism and advocacy. For example, many buildings in urban area had at least one volunteer that helped their neighbors. Similarly, in response to the shortage of face masks, many businesses and individuals started producing cotton masks for hospitals, for retail and for their neighbors, as a way to help others. Many women in communities used their sewing machines to produce and then donate masks from their available fabric.

Finally, there are many examples of support offered by the Serbian diaspora.

The organization "COVID-19 *KaranTim*," a team of epidemiologists, doctors, scientists, statisticians, IT experts and other highly educated and qualified experts from across the Western Balkans, offered their free technical support on public health surveillance and assistance. Some of their contributions included offers for literature review of leading academic journals and reports, a statistical analysis of health data from Serbia, suggestions for improving the quality of data generated given Serbia's situation, and recommendations for prevention strategies based on epidemiological indicators. The organization "Returning Point," together with UNDP, created an open call to health workers across the diaspora through a volunteer program to help Serbia fight COVID-19, and over 300 individuals responded to the call.⁷⁵ Additionally, Returning Point coordinated activities on behalf of the government to help repatriate Serbian

citizens abroad, mainly students, back to Serbia through funding a number of repatriation flights. Finally, the organization "Serbs for Serbs" has called upon the diaspora to donate in order to provide assistance to poor families in Serbia during the crisis, particularly in the regions,⁷⁶ while other organizations, such as the "Diaspora Group," have offered assistance for transferring aid and other materials into Serbia.⁷⁷

Nevertheless, despite these concerted community engagements, there seems to be a general lack of social dialogue and democratic engagement on COVID-19 response matters at the local level, since most LSGs did not include CSOs in their Local Emergency Task Forces, or into any of their decision-making processes. The prolonged duration of the pandemic and the delegation of extraordinary power of authority to the executive branch at both central and local levels limited the space for social dialogue or community-led initiatives. Local parliaments were not in place, firstly since the election process was still ongoing, and later due to the work restrictions and COVID-19 emergency in many municipalities in the post-election period. On the other hand, neither CSOs nor members of vulnerable groups participated in the work of Local Emergency Task Forces, including the decision-making process and the creation of services and measures. Because of this and other barriers, the local response process lacked a gender perspective (OSCE, 2020). Even though 60% of LSGs reported having strong cooperation with CSOs during the crisis, CSOs underline that most often this involvement⁷⁸ was related only to operational work, such as volunteering (including distribution of disinfectants, protective equipment, food, medicine, and work in call centers, etc.) rather than needs identification or strategy setting (UNOPS, 2020). During this the crisis, LSGs seem to have perceived CSOs mostly as intermediaries with citizens - for example, utilizing CSOs to inform citizens about LSGs' decisions - without recognizing CSOs as a resource for provision of additional services to particularly vulnerable groups, which CSOs were not utilized as much for (Ibid.).

Depopulation is a further phenomenon, which needs to be considered in the context of community resilience. Depopulation is a very long-term process, which has been accelerating and unfolding in parallel to the COVID-19 pandemic and constitutes an important backdrop to the crisis. A re-

72 For more information on the "Be a Volunteer" initiative, see [<https://budivolonter.gov.rs/>].

73 For more information on the volunteering platform set up by Young Researchers of Serbia, USAID and the Ministry of Youth and Sport, see [<https://www.mis.org.rs/en/>].

74 Ibid.

75 For more information on the volunteer program established by Returning Point, see [<https://www.rs.undp.org/content/serbia/en/home/blog/2020/serbian-repats-stories-return.html>]

76 For more information on the work of Serbs for Serbs, see <https://en.srbizasrbe.org/>

77 For more information on the work of the Diaspora Group, see <https://diasporagroup.org/>.

78 Some of the primary methods for CSO involvement at the local level was related to activities of specific citizens' associations (for example, associations of older persons, associations of persons with disabilities, etc.) who helped to advocate and care for their constituencies during the crisis.

sponse to demographic change will require the same type of resilience and adaptive capacity of various sectors (in particular, education, social protection, health, and labor markets, but also infrastructure), which will need to adjust to new demographic realities and identify ways of maximizing the existing human capital in the country. Smaller towns and municipalities have particularly thinned capacities due to their shrinking populations, which affects their abilities to respond to crises. Community responses to COVID-19, however, potentially indicate areas where stronger social capital could play a role in responding to demographic changes as well, including building ties with the diaspora. Population ageing, an important result of depopulation, has further affected the resilience of specific sectors and communities, while also exposing a higher share of the population to risk.

A response to demographic changes will necessitate investing in the health and productive capacity of an older population, which may be more challenging in a post-pandemic era.



April 2020,
Belgrade's empty playground during lockdown imposed as part of measures to stop the spread of the coronavirus

GOVERNANCE, FUNDAMENTAL FREEDOMS AND THE RULE OF LAW

The COVID-19 outbreak exposed deficiencies in the nexus between human rights and crisis and disaster risk management systems across the world, including in Serbia (UN Experts, 2020). While the state of emergency was proclaimed on March 15, 2020 and the UN was subsequently informed⁷⁹, the inability of Serbia's Parliament to participate in the decision-making process and initial gap in consultations with key social actors created concerns over the fair application of the rule of law, human rights, heightened risks of discrimination and shrinking of the democratic space in general as Serbia sought to respond to the crisis (YUCOM, 2020). As in other countries, one of the main challenges throughout the COVID-19 period was the inherent contradictory nature of the freedoms guaranteed by the country's constitution, and the uneven effect of the restrictive measures, which affected some categories of society more than others (BCHR, 2020a). These concerns were addressed progressively throughout the crisis, often on an ad hoc basis, with support or intervention of national and international partners, including the UN.⁸⁰

Equally problematic were the limitations to freedom of information and expression, inhibitions to the work of jour-

nalists, the perceived lack of transparency from key institutions, and the overflowing of fake data and information on social media from many informal sources (COE, 2020a). This contributed to a widening gap in trust towards institutions, resulting in protests, lack of compliance with measures, increased social anxiety and resistance⁸¹. The introduction of judicial proceedings via online platforms, while a welcome initiative to continue the work of the judiciary in exceptional circumstances, generated perceptions, and possibly actual situations, where the right to a fair trial was challenged (YUCOM, 2020).

While none of this is unique to Serbia, it is worth mentioning in the context of this study, as many of the points above can be addressed through strengthening the social dialogue and reliance on standards of human rights.

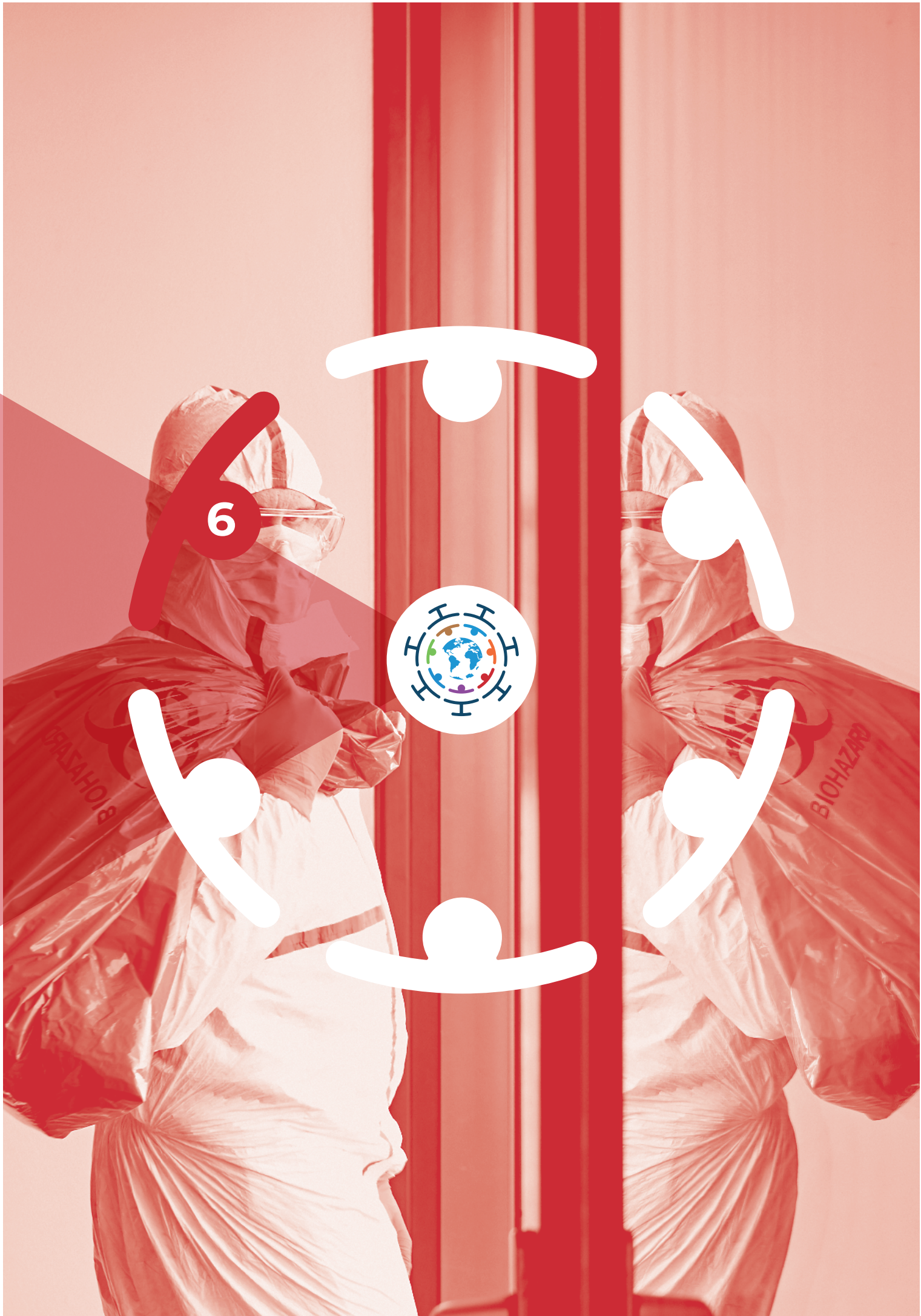
It is essential that the pandemic is defeated while protecting civil rights, political rights, and the principle of non-discrimination (UN, 2020a).

⁷⁹ In a *Note Verbale* dated April 6th, 2020 the government informed the UN Secretary General of Serbia's declaration of the state of emergency and "derogations" from its obligations under the International Covenant for Political and Civil Rights ("ICPR").

⁸⁰ In addition to previous sources, see OHCHR, 2020; SIRPU, 2020; OHCHR, 2020; IPSOS, 2020.

⁸¹ R. Nedeljkov - Center for Research, Transparency and Accountability (CRTA), stated: "The immediate reason for the protest are the pronounced measures, but we do not see that it is dissatisfaction with the measures, but precisely the confusion of the citizens, distrust in the institutions, contradictory information they receive from different addresses on the same topics. They are all competent to provide that information, and they give completely contradictory data. Citizens are dissatisfied, citizens are losing trust in the competent institutions and this is a process that has been going on for a long time, but it only culminated at this moment, especially having in mind that their lives are endangered and they do not know how to protect themselves and their families.", see GlasAmerike.net Portal - Analysts: Hooligans involved in protests, police are held accountable, July 2020, <https://www.glasamerike.net/a/analiticari-na-proteste-ubaceni-huligani-trazi-se-odgovornost-polici-je/5494718.html>

6



Covid-19 impact on the environment and Climate Change

6

CHAPTER 6

Serbia has experienced both short term gains and negative effects from the impact of the COVID-19 crisis on the environment and climate change. Both these gains and losses have exposed gaps in environmental protection and climate change and adaptation work in Serbia and provide a wealth of information and data essential for Serbia's upcoming decisions on how to best protect the environment and relinquish its existing carbon-based model of economic development.

However, the data gap which currently exists related to the impact of COVID-19 on the environment requires that Serbia and its leaders assess the full impact of COVID-19 on the environment only in 2021, when further data will be made available.

SHORT-TERM ENVIRONMENTAL AND CLIMATE CHANGE IMPROVEMENTS DUE TO COVID-19

While COVID-19 was incredibly detrimental to public health goals and the economy, some unexpected benefits arose from the new way of living and working in Serbia due to COVID-19. The constrained and reduced human activity had the benefit of improving the air quality in Belgrade and other cities across Serbia in the short term. Full data on **air pollution** levels in Serbia are reported annually, so data on air quality for the lockdown period specifically (from March 15, 2020 – May 15, 2020) will be available only in 2021. However, data from the Serbian Environmental Protection Agency ("SEPA") on air quality during the lockdown and State of Emergency period shows a significant decrease in nitrogen dioxide (NO₂) concentrations compared to the same period last year, largely due to reduced traffic.⁸² However as data

from independent sources in Serbia confirm, other key pollutants (such as fine particulate matter, or PM_{2.5}) actually increased during this period (RES, 2020). In its recent regional study, the World Bank suggested that there is emerging evidence showing a correlation between ambient air pollution and the impact of the COVID-19 crisis (WB, 2020c). Some Serbian doctors share similar concerns, stressing the need to confirm this scientifically though in order to confirm linkages to COVID-19 (CINS, 2020).

Although data like this will vary depending on the region in Serbia, further analysis is needed in order to determine the outcome and underlying causes of these trends. For the time being it is clear that road traffic pollution has decreased dramatically as a result of COVID-19 related travel restrictions and new isolation practices, particularly during the State of Emergency period. There was a 34% drop in the sale of new passenger vehicles and light freighters, and 30% fewer used cars imported across Serbia in the January 2020 – June 2020, compared to the same period in 2019.⁸³ Although sales of these vehicles appeared to bounce back in June 2020, they have not reached previous year 2019 levels.⁸⁴ The air pollution from electricity production and individual heating is likely to have remained the same, as this has not been significantly reduced due to COVID-19 work and travel behavioral changes (during the lockdown period, heating-related pollution was naturally reduced as spring came and the weather became warmer). At the same time, due to loss of jobs and economic hardship, poorer households not connected to central heating may have opted for the cheapest and most polluting options for heat, particularly at the beginning of the crisis, which may have had a spillover effect in terms of increased energy usage, air pollution and ensuing health consequences therefrom.

82 This data was https://www.b92.net/automobili/vesti.php?yyyy=2020&mm=08&nav_id=1718219 obtained through SEPA's response to a UNDP inquiry.

83 For more information on the change to auto sales and usage, see https://www.b92.net/automobili/vesti.php?yyyy=2020&mm=08&nav_id=1718219.

84 Ibid.

Similarly, there has been a drop in **greenhouse gas emissions** globally during the crisis, which may be attributed to lockdown and movement restrictions instituted in response to COVID-19 (UNFCCC, 2020). In Serbia, it is likely that there was a drop in industry, transport, and agriculture sectors but less so in energy and waste management sectors.

With the slight decrease of industrial production in the first quarter of 2020 (a drop of 2.6% YoY) the demand for energy also decreased (CCIS, 2020). Gasoline and oil consumption across the country also dropped in the January 2020 – May 2020 period: autogas by 24.1%, gasoline by 11.6% and diesel by 7.9%, all in the January 2020 – June 2020 compared to the same period last year (Ibid.). The transport sector, which accounts for 13.6% of the greenhouse gas emissions decreased in the first quarter of 2020 as the number of people using transport systems across all modes decreased and the number of newly registered passenger vehicles and newly registered heavy transportation vehicles also decreased, each compared to the same period in 2019 (MEP, 2020a). Freight transport in the country also decreased by 5.3% in first quarter of 2020 YoY (SORS, 2020k). This leads us to the conclusion that fuel consumption and related greenhouse gas emissions in the transport sector also dropped in first quarter of 2020 (perhaps by up to 5%), which also coincides with the period of time that the COVID-19 pandemic emerged.⁸⁵ Finally, the mild winter in 2020 required less heating, which also may have contributed to a drop in greenhouse gas emissions during the outset of the COVID-19 pandemic. However, less than favorable water conditions in electricity production caused thermal power plants to work more during this period. Although the full greenhouse gas inventory and estimates are done for time series longer than the period of lockdown, there is compelling evidence that greenhouse gas levels dropped across Serbia as well. It will not be clear, however, by how much greenhouse gases dropped until complete data for Serbia becomes available in 2021.

Future assessments regarding the decrease in greenhouse gas emissions as a result of COVID-19 will need to carefully balance the reported levels of carbon intensity in electricity production, heating, and waste management against de-

creases in industry, transport and other sectors during the lockdown period.

SHRINKING BUDGET SPACE AND DELAYED INVESTMENTS

In April 2020, in preparation for economic impact of COVID-19, the Minister of Finance requested a reduction in expenses and investments from all areas of the national budget by 20% (excluding salaries).⁸⁶ As a result, the Ministry of Environmental Protection budget was reduced from 7.9B RSD to 6.4B RSD.⁸⁷

Given the budget cuts due to the COVID-19 crisis, it is expected that many environmental protection practices and measures currently in place will be scaled down or deteriorated. There are numerous examples where we can expect to see setbacks in the status of environmental protection.

For example, recycling is likely to be affected by shrunken subsidies to the recycling industry by 0.9B (a reduction from 3.5B RSD pre-crisis to 2.6B RSD post-crisis) (MEP, 2020b). The COVID-19 crisis is also expected to have an impact on implementation of some of the planned activities in the environmental sector for 2020, such as improving waste and wastewater management, reducing emissions from environmental pollutants, climate change mitigation measures and the adaptation of measures for natural protection.

The shrinking budgets will, to a certain extent, affect maintenance and investments into infrastructure projects intended to increase climate resilience in Serbia, such as irrigation and dewatering projects in the agriculture space, protection of and from waters, addressing deforestation, etc. For instance, the public water company “Vode Vojvodine” expects a 30% drop in its investment and maintenance activities related to environmental projects that had been planned.⁸⁸ At a national level, the amount of subsidies to protected natural areas shrank during the State of Emergency cuts from 235M RSD pre-crisis to 229M RSD post-crisis. Similar cuts

⁸⁵ The approximation of greenhouse gas emissions reduction presented in this report are based on discussions with key experts and made in the capacity of their professional judgement, given that official data is not available at this time (and likely won't be available until 2021, in line with regular reporting cycles for this type of data). Reliance on these key experts' judgment was necessary due to the fact that the official “Greenhouse Gas Inventory” for Serbia for calendar year 2020 is unavailable. For this reason, data on greenhouse gas emissions used in this report is for illustrative purposes only.

⁸⁶ These were instruction provided by the Ministry of Finance in a circular dated April 9, 2020. <https://studiob.rs/mali-javnim-preduzecima-smanjiti-troskove-za-najmanje-20/>

⁸⁷ While zoonotic disease transfer (such as the spread of COVID-19) is caused in principle by enormous and uncontrolled degradation of nature, paradoxically enough, budgets for environmental protection are decreasing across the world, including in Serbia. Instead of serving as a reminder that human health is linked to the planet's health, and knowing that the only way to prevent future outbreaks is to address the threats to ecosystems and wildlife, including habitat loss, illegal trade, pollution and climate change, once again the environmental protection sector is facing cuts in budgets and investments, which inevitably increases threats to future outbreaks.

⁸⁸ This information was obtained from Vode Vojvodine in response to direct inquiry from UNDP.



Rural Serbia, Velika Plana
UNDP ©Djordje Novakovic

have been reported across all of the budgetary institutions in Serbia, including in the fields of forestry, water management, and others.

Before the crisis, Serbia did plan significant investments in the energy and environment sectors in 2020, including large loans for energy and environment infrastructure projects.⁸⁹ However, even without the intentional winding down of these investments due to the COVID-19 crisis, it is reasonable to expect delays or a reprioritization of these projects due to the fiscal and public debt constraints in the country likely to result from the 3% reduction in GDP this year (FC, 2020b). In addition, because of the physical distancing measures and lockdown that was enacted, Parliament itself was unable to meet to ratify a number of loans, which resulted in an approximately six-month delay in certain investments towards energy and environmental infrastructure projects. This may result in a rollover of these projects into 2021. For instance, the Ministry of Mining and Energy delayed preparation its mid-term national plan for the renovation of public buildings

89 For instance, some of the planned activities before the crisis included funding of 500M EUR from the Council of Europe's Development Bank ("CEB") for infrastructure and environmental protection work, 80M EUR from Germany's state-owned development bank "KfW" for water supply projects, another 85M EUR from investment banks for various environment and energy projects, 271M EUR earmarked for a Belgrade-based waste water treatment facility, 30M EUR from European Bank for Reconstruction and Development ("EBRD") related to irrigation for climate change adaptation, as well as several other financing options and loans (Law on Budget of the Republic of Serbia for 2020, Official Gazette of the Republic of Serbia 84/2019 and 60/2020 – decree.) <https://www.paragraf.rs/propisi/zakon-o-budzetu-republike-srbije-za-2020-godinu.html>

in Serbia, a plan which should have been adopted by the government and submitted to the International Bank for Reconstruction and Development ("IBRD") in accordance with the law.⁹⁰ On the other hand, the speed of project approvals from global donors in the area of energy and environment projects (including funders such as the "Green Climate Fund," the "Adaptation Fund," the "Global Environment Facility," and the "Special Climate Change Fund") has also been affected by the pandemic. Therefore, even projects that are in the pipeline and close to reaching approval will likely be approved much later than expected.

IMPACT ON THE ENVIRONMENT AND ENVIRONMENTAL GOVERNANCE

Shrinking budgets adversely affect biodiversity conservation, landscapes, forest, and natural resources, especially from an environmental governance standpoint. The decrease in overall national budget allocations to the Ministry of Environmental Protection and other centrally governed agencies responsible for natural protection will consequently deteriorate the already weakened systems of management of protected areas in Serbia. These already weak areas include the quality and extent of surveillance and monitoring systems as well as the procurement of necessary additional equipment to best manage protection efforts, given that most protected areas in Serbia are financed through the central government budgeting system. Not only is it important to help Serbia comply with environmental regulations and EU requirements,⁹¹ but it is also necessary to promote and instill nature-based solutions across the country, as tool to help combat the many threats of environmental degradation, climate change and disease transfer.

Given restrictions placed by COVID-19, there is also a risk that losses to the environmental sector due to uncollected fees and taxes (for environmental pollution, but also those such as permits, entrance fees, etc.) could result in significant delays in Serbia's ability to adequately implement environmental control measures, including but not limited to prevention of illegal activities, waste collection, treatment and disposal by public utility companies, and shrinking trade opportunities by authorized operators for the trade of secondary raw materials.⁹² Due to general austerity mea-

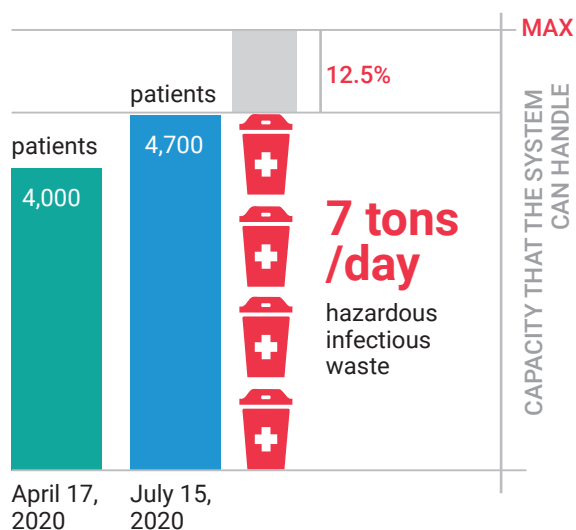
90 The applicable law is the "Law on the Approval of the IBRD Loan for Improving Efficiency and Sustainability of Infrastructure, November 2017."

91 Including, but not limited to, various segments of EU Negotiation Chapter 27, the Acquis on Environment and Climate Change, which requires very significant investment (including investment requirement to preparations for EU Natura 2000, the largest network of protected areas in the world and comprised of protected areas across the EU).

92 These assessments are the result of discussions UN team conducted with various experts in environment working on protected areas and will need to be confirmed once data on actual impact become available in 2021.

asures enacted in the aftermath of COVID-19, it is reasonable to expect a reduction in investments into the forest fund and general forestry maintenance. Media reports⁹³ suggest that afforestation and new plant production efforts will be reduced in Vojvodina. If afforestation is reduced due to COVID-19's austerity measures and environmental exploitation continues at the same level as seen in 2019, this will have an overall negative effect on forestry planning in Serbia.

During the peaks of the COVID-19 infection there were short-term increases in the quantity of **health-care waste** coming from COVID-19 facilities, during which time the waste management system functioned close to its capacity limit.



The assessment of the daily peak waste that was generated on those days with the maximum number of patients (for example, on April 17, 2020 when there was approximately 4,000 patients and on July 15, 2020 when there was approximately 4,700 patients)⁹⁴ show that up to seven tons of *hazardous infectious* waste per day was generated (Tosović S., 2020). Estimates indicate that this burden was 12.5% below the capacity that the system can handle, meaning that while the levels were quite high, they were not quite completely maxed out (Ibid.). The UN Environment Programme Report “Waste Management During the COVID-19 Pandemic – From Response to Recovery” (UNEP, 2020) gives a clear overview of the possible issues in this field and provides concrete

93 For more information on media reports on plant production, see <https://agrosmart.net/2020/05/04/u-fondu-za-sume-nema-para-za-posumlja-vanje/>

94 The information was obtained from the Public Health Institute – Batut in response to direct inquiry from the UN team.

guidelines and practices for a variety of waste-management systems.

The pandemic peaks in the number of patients (and thus infectious waste generation) did require waste management units to work in three shifts in order to treat and dispose of waste in an adequate manner, though part of this burden was taken over by private waste treatment operators with smaller incineration capacities. It is important to note that Serbia's public waste management system was able to handle large amounts of infectious medical waste so far, even at its peaks, in spite of challenges related to the initial lack of disinfectants and protective equipment, as well as generalized fragmentation of the system in the aftermath of COVID-19. Some healthcare institutions treated their waste without proper permits, while the inspection authorities do not have the capacity to control waste generators and those that treat waste in the field. Furthermore, there is no record of the status, functioning and condition of the equipment (and equipment at these locations was mostly procured around ten years ago through a former EU-funded project). Financing for medical waste management has not been fully resolved and there are gaps in this field.⁹⁵ In the event of extreme peaks of patients, and therefore waste management needs (even higher than what was previously experienced at the onset of COVID-19), the capacities for treating and disposing infectious waste could be exceeded, which would require more incinerations to take place. Improper handling of infectious waste (such as uncontrolled burning, or sub-standard incineration), may adversely affect environment and emit harmful air pollutants and greenhouse gases. Such short-term and non-systemic solutions can be outweighed by their environmental harms, which is why these short-term solutions should be avoided to the extent possible, and other options explored and implemented.⁹⁶

Finally, Serbia's economy has benefited to a certain extent from the structure of its key sectors, which include agriculture (7.5% of GDP) and food processing (4.5% of GDP), which, together with a few other sectors, prevented the full scale plummeting of Serbia's GDP (FC, 2020b). However, disruption to the supply chains for the agriculture sector resulted in increased organic waste (due to increased levels of unused and spoiled agricultural products). Therefore, any loss spurred by broken supply chains for agriculture products also had a further negative effect in that it resulted in

95 This information is based on an early review copy of a forthcoming publication by Slobodan Tosovic, in cooperation with Public Health Institute, tentatively titled “Milan Jovanovic – Batut” (publication expected in September 2020).

96 On pros and cons of healthcare waste techniques, see UN Environment Programme's Report pages 35 – 40, and page 46, on the impact of various options on environment and climate (“Waste Management During the COVID-19 Pandemic: From Response to Recovery,” at <http://wedocs.unep.org/bitstream/handle/20.500.11822/33416/WMC-19.pdf?sequence=1&isAllowed=y>).

more waste being generated. Although the quantities of this additional waste are not known at this stage, this waste will invariably produce more greenhouse gas emissions (predominantly methane, or CH₄) and release them into the air, thus increasing the overall burden on waste management. In addition, the disruption to the hospitality sector, as well as the increase in online orders of commodities and the increased usage of single-use plastics is also expected to result in an increase in packaging waste in the aftermath of COVID-19, in line with global trends (IFC, 2020). Although the amounts are not high, this impact exposes an inherent need to have adequate capacities for the reuse organic waste and recycling of packaging waste, in line with principles of a functional **circular economy**.

IMPACT ON JOBS AND THE ECONOMY

In addition to the assessment provided in Chapter 3, “Jobs, Economic Response and Recovery,” it is also noticeable that there has been a slight decrease of jobs in the private sectors for agriculture, forestry, and fishery (a decrease of 0.4% combined) (SORS, 2020g) and an increase in employment in coal exploitation fields (by 15,384 jobs, or an increase of 11.7% YoY) (CCIS, 2020), as well as an increase in employment related to oil production (by 3,236 jobs, or an increase of 13.3% YoY) (Ibid.). Any loss of “green jobs” (especially if at the expense of carbon intensive industries) would have a multiplying negative effect on the environment and climate change: the capacities and expertise in natural and environment protection fields, as well as accompanying specializations (both public servants and experts in general) are hard to come by in Serbia. Therefore, the capacities of the institutions responsible for protecting of nature as well as investments needed in the green infrastructure sector will be adversely affected by the loss of jobs in the environment and climate change sub-sectors, both the loss of jobs that has already occurred and which might be expected to occur for this sector due to the impacts of COVID-19. With the increase in profitable carbon segments of the economy, it is even more difficult to restore jobs in “green” segments. Due to a decrease in the budget for environmental protection this year, it is expected that sub-contracted agencies, institutes, and other key stakeholders in the fight to protect the environment, will also consequently suffer from a lack of resources needed to perform their work as originally planned.

All renewable energy producers in Serbia have suffered due to the COVID-19 lockdown measures, albeit in a different manner. Upon the declaration of the State of Emergency, the Electric Power Company of Serbia (“EPS”) activated force majeure provision under its power purchase agreements (“PPAs”) with renewable energy producers, the result of which temporarily suspended the preferential prices for electric power for the duration of the force majeure event. The EPS offered to purchase and balance electricity from



Ada Lake, Belgrade
UNDP ©Aleksandar Mijailovic

privileged producers at the regulated purchase price of electricity, for a guaranteed supply of approximately 2.8EUR cents per kilowatt. The EPS considered this as a measure to mitigate the expected decrease of income from its supply activities, and to ensure its own financial liquidity in the face of rapidly declining global and regional economic trends.

There was uneven impact to power supplies coming from renewable energy sources (wind, solar energy, biogas, and small hydropower). Firstly, PPAs are generally accepted by banks as an instrument for securing the financial backing and sustainability of investments, and envisage the temporary suspension of debt repayments in the case of a force majeure.⁹⁷ Secondly, the operating costs of wind, photovoltaic, and small hydropower plants are not high, so no major losses were or are expected, even if debt repayments are suspended (IRENA, 2020). Therefore, wind, solar, and small hydro power producers only had to contend with reduced income during the State of Emergency (rather than more systemic financial, business model, or liquidity issues). However, the situation was different for electricity producers from biogas. Some 17 biogas producers (with a total installed capacity of approximately 21 megawatts) had suffered losses, despite the suspension of debt repayment obligations (SBA, 2020). This is due to the long biogas value chain (which was inevitably disrupted at various places due to the restrictions placed in response to COVID-19) and high operation costs, which could not be effectively reduced even if the production of biogas or electricity was decreased to

97 For more information, see <https://balkangreenergynews.com/long-awaited-ppa-package-finally-adopted-in-serbia/>.

the level of sustainable minimums. Shutting down the production of biogas would have required discharging of the biogas into the atmosphere until the biological process in fermenters had been terminated, which would have had an additional negative effect on the environment. Due to the specifics of the technological process in fermenters, restarting production of biogas requires significant time and is very costly (thus making it further unlikely that biogas producers would suspend production as a way to cope with their own liquidity pressures, even temporarily). Out of 17 biogas producers total, 14 have continued production at a minimum level and accepted offers to sell this minimum amount of energy they are producing to the EPS at market price (GoS, 2020e). This situation was further aggravated by the crisis-inflicted problems disrupting biogas plants' upstream (including supplies of raw biomass from agriculture and food processing industries) and down-stream (the selling of heat and fertilizers) supply chains.

The energy sector overall has seen a drop in income because of the pandemic. Given the significant share of taxes on the price of oil derivatives and the losses sustained by the oil sub-sector due to the drop in sales, the drop in income to the energy sector overall will have a negative effect on Serbia's budgeting process.

This drop in income will likely reduce the amount of investments into energy efficiency and renewable energy projects, and other initiatives aimed at the overall decarbonization of economy.⁹⁸ Therefore, investments into energy efficiency and renewable energy could be placed on the backburner, although the Fiscal Council of Serbia identified some investments that could be made to move the country away from coal dependence, in parallel with investments into the security of energy supplies, all in line with the environment and climate change requirements as one of the priorities of the EPS (FC, 2020a).

Finally, the rescue package passed by the government in response to COVID-19 was tailored to benefit all entities and actors across the board (GoS, 2020f). Measures introduced, and expenses incurred, were designed to benefit a wide swath of the country and the economy as well as treat all legal entities in a sector or subsector equally, regardless of whether certain businesses in a sector were better run and more worthy of "saving" or receiving government sponsorship or support. There was no analysis done to determine which, if any, companies in a sector were "beyond saving." While this is somewhat understandable in light of the

real time constraints faced by legislators and other stakeholders in trying to develop targeting criteria to better tailor a package which would bolster the economy in the long run, there were no "green" conditions placed on recipients of government support either. Therefore, businesses that have received state aid as a result of the crisis, although they may be responsible for continued release or even an increase in greenhouse gas emissions, or for other types of air pollution, benefit just as equally from the government support schemes as those businesses actively working in the benevolent pursuit improving the environment and mitigating climate change.

Therefore, businesses that have received state aid as a result of the crisis, although they may be responsible for continued release or even an increase in greenhouse gas emissions, or for other types of air pollution, benefit just as equally from the government support schemes as those businesses actively working in the benevolent pursuit improving the environment and mitigating climate change.

⁹⁸ For more information on energy investments and financing during and post COVID-19 crisis, see https://www.energy-community.org/dam/jcr:2fb9c78c-d88d-4320-8087-f73b650b71b5/ECS_COVID-19_INVEST_280420.pdf.



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ANNEXES

Annex 1 - Tables

TABLE 1.

Working hours and FTE jobs lost in the Western Balkans and selected countries

Reference area	Time	FTE jobs lost (40 hours)	FTE jobs lost (48 hours)	Percentage of hours lost
Western Balkans	2020 – Q1	300 000	250 000	4.5
Western Balkans	2020 – Q2	980 000	810 000	14.5
North Macedonia	2020 – Q1	30 000	20 000	3.1
North Macedonia	2020 – Q2	120 000	100 000	14.1
Serbia	2020 – Q1	190 000	160 000	5.6
Serbia	2020 – Q2	510 000	420 000	14.8

Source: (ILO,2020b)

TABLE 2.



Exposure to shocks

	Total vulnerability		Gender-related vulnerability		Age-related vulnerability	
	# sectors	Share of employment (%)	# sectors	Share of employment (%)	# sectors	Share of employment (%)
Low vulnerability	4	7.9	4	7.9	4	7.9
Low-medium vulnerability	9	11.9	5	8.2	5	7.5
Medium vulnerability	5	8.4	7	11.0	5	9.3
Medium-high vulnerability	11	14.6	10	9.4	7	9.5
High vulnerability	16	47.7	19	53.9	24	56.3

Source: Author's calculations based on the LFS.

TABLE 3.

Share of employees exposed to various changes in the workplace during the COVID-19 pandemic, by gender, in%

What was changed under COVID-19 pandemic? ⁹⁹		
Nothing has changed	25.4	28.9
They moved to work from home	27.2	22.6
They were relocated to another location, to another facility	3.0	1.5
They were reassigned to another job, with similar qualifications	1.6	0.6
Working hours or number of shifts have been reduced	22.8	28.3
Working hours or number of shifts have been increased	5.3	4.5
Salary has been reduced	4.2	7.3
They are forced to use their vacation	5.5	5.5
They voluntarily, in agreement with the employer, took annual leave to share the burden with the employer.	4.7	3.6
They are forced to take unpaid leave	2.2	3.1
Work is currently suspended	5.6	3.3

Source: (SeConS, 2020)

99 Respondents had an option to choose more than one response.



Annex 2- Figures

PILLAR 1 - HEALTH FIRST: PROTECTING HEALTH SERVICES AND SYSTEMS DURING THE CRISIS

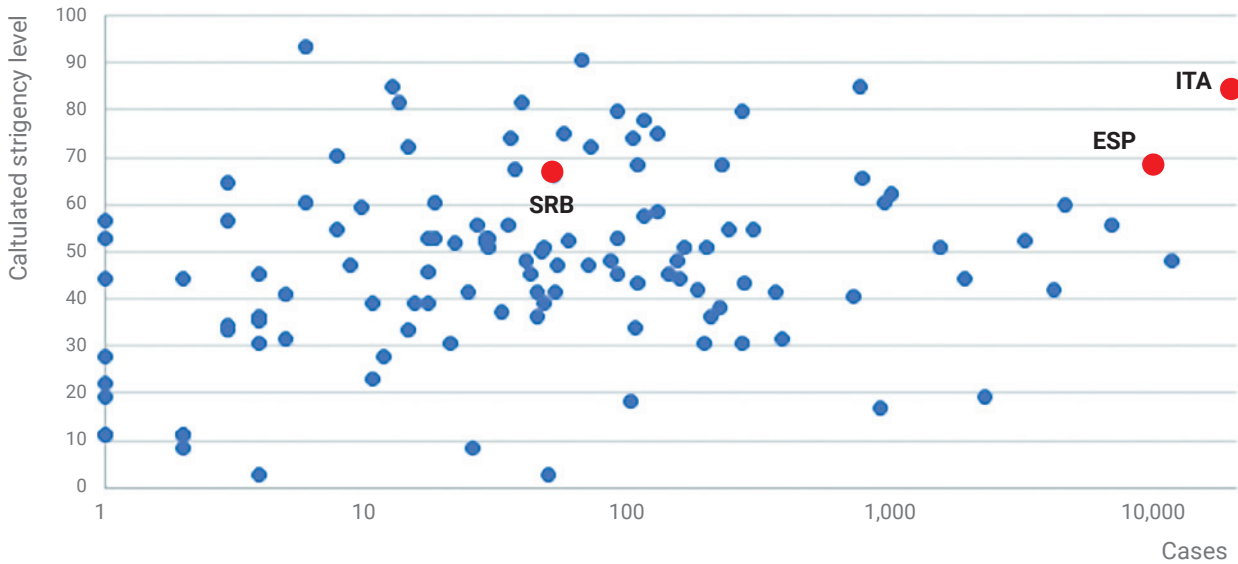


FIGURE 6.

Level of restrictiveness of measures on 16 March vs. number of cases registered
 Source: (Hale T, Webster S, Petherick A, Phillips T, and Kira B, 2020)

PILLAR 3 - ECONOMIC RESPONSE AND RECOVERY: PROTECTING JOBS, SMALL AND MEDIUM-SIZED ENTERPRISES, AND INFORMAL SECTOR WORKERS

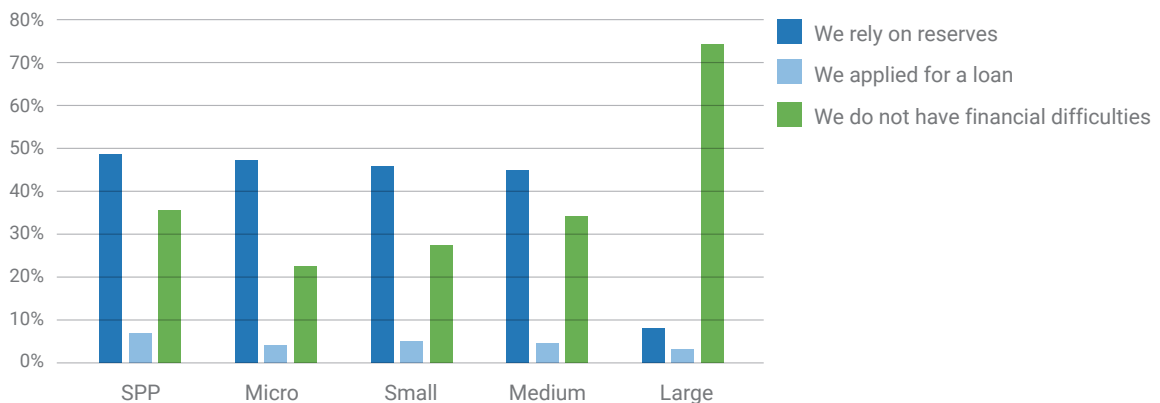
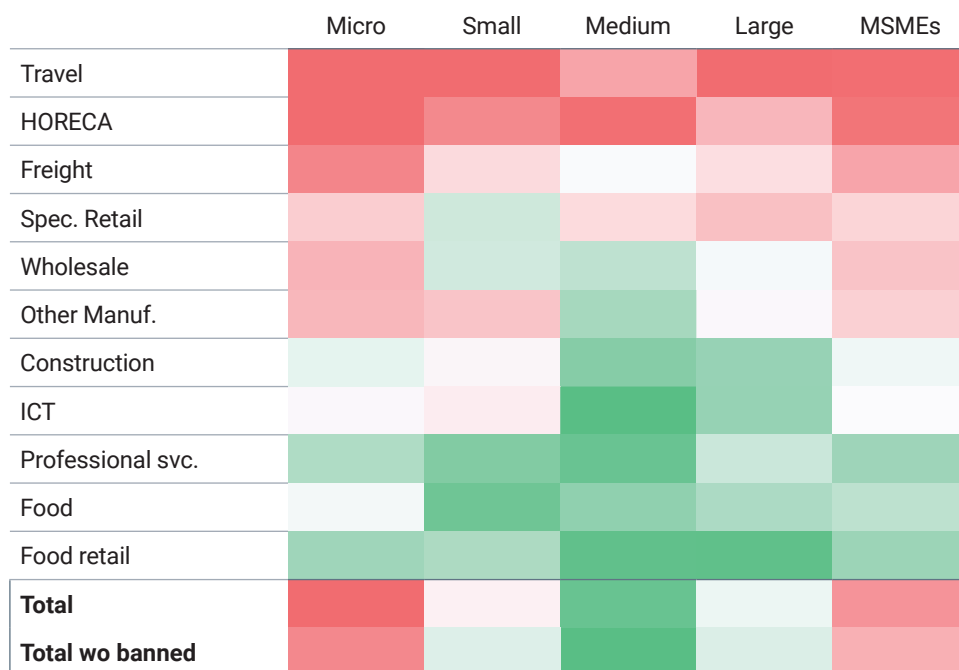


FIGURE 7.

Coping mechanism in dealing with financial mechanism Source: (CEVES, 2020)



Red above average
 White in line w/ average
 Green below average

FIGURE 8.
 Depth of revenue shortfall of enterprise sector-size groups Source: (CEVES,2020)

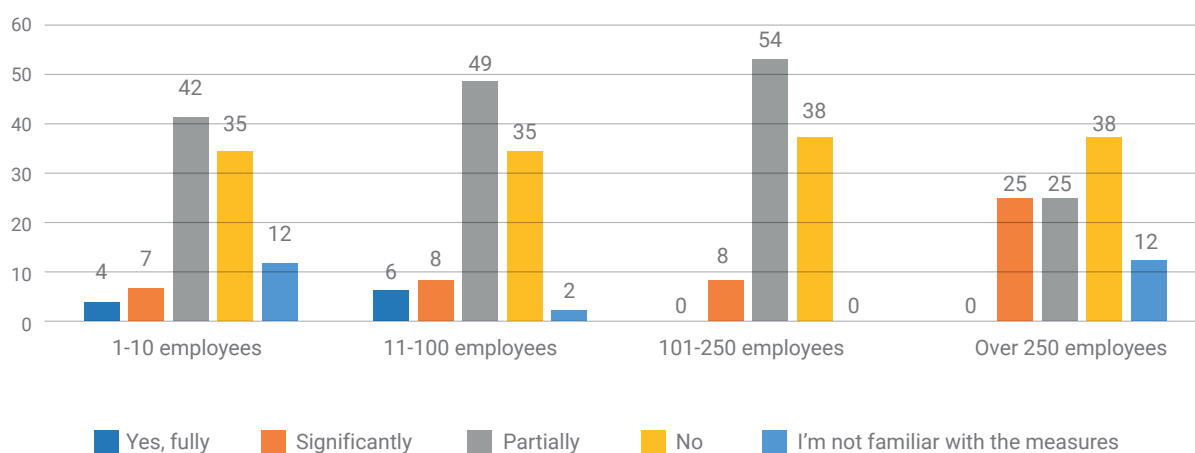


FIGURE 9.
 Do support measures announced by the Government satisfy your most urgent needs?

Source: (MEF, ILO, EBRD, 2020).



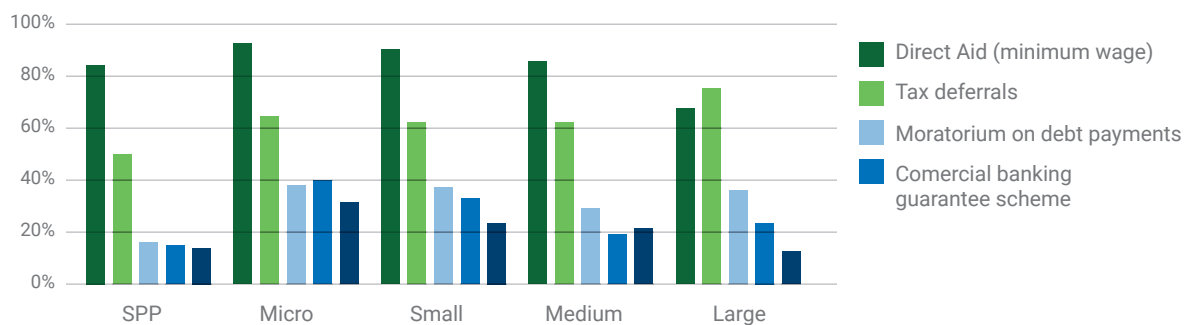


FIGURE 10. Percent of firms that used the proposed measures Source: (CEVES, 2020)

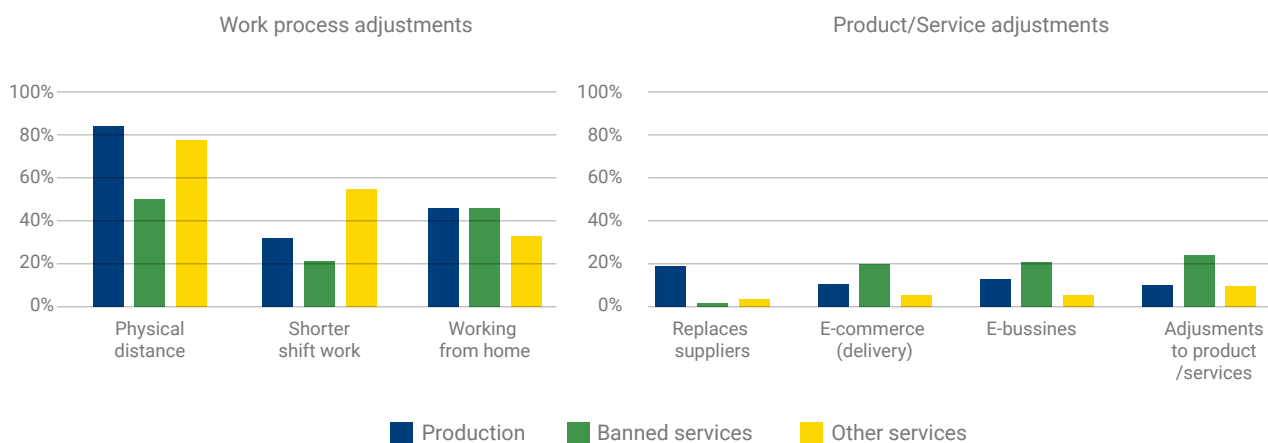


FIGURE 11. Economy's adjustment to the crisis Source: (CEVES, 2020)



PILLAR 4 - MACROECONOMIC RESPONSE AND MULTILATERAL COLLABORATION

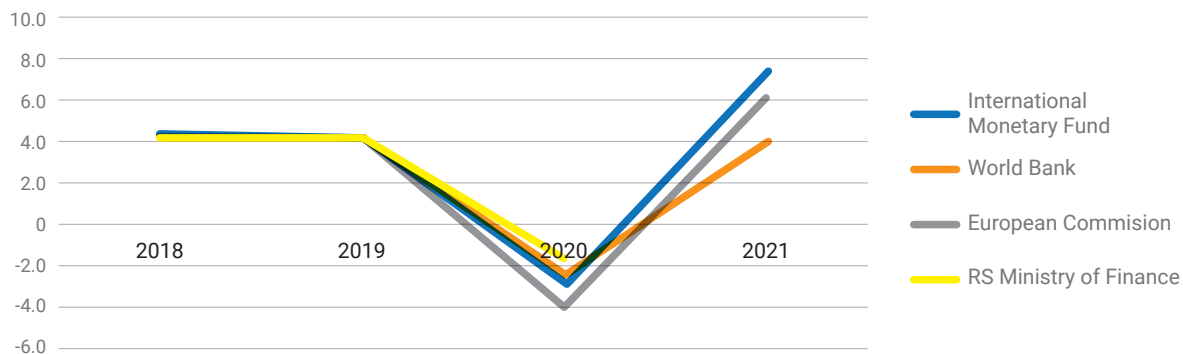


FIGURE 12.

Real GDP growth, with projections (Annual percent rate) Source: (IMF 2020a), (WB 2020a), (European Commission,2020a)

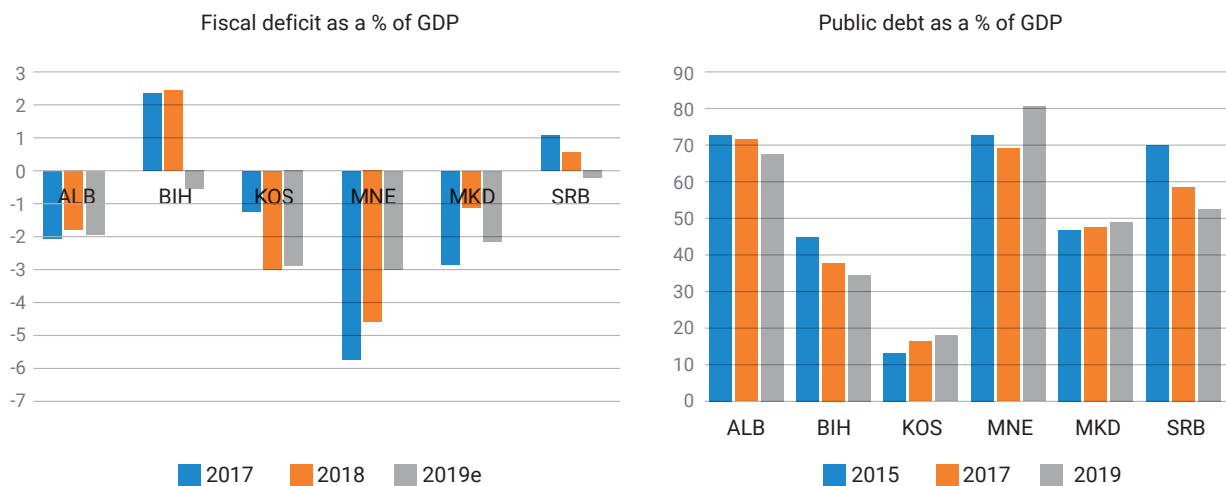


FIGURE 13.

Fiscal deficit and public debt (% of GDP) Source: (WB, 2020b)



Annex 3 - List of documents and guidelines that are localized into Serbian language and shared externally

General guidelines

1. WHO Policy considerations for the European Region: [Strengthening and adjusting public health measures throughout the COVID-19 transition phases](#).
2. WHO [Advice](#) on the use of masks in the context of COVID-19

Covid-19 and all vulnerable groups

3. UN Women Serbia guidance [How to include marginalized and vulnerable groups of people in risk communication and community engagement](#)

Refugees and migrants

4. WHO Interim [guidance](#) for refugee and migrant health in relation to COVID-19 in the WHO European Region
UNHCR [Advice to Refugees and Migrants in Serbia](#)

Elderly

5. WHO [Interim Guidance - Infection Prevention and Control guidance for Long-Term Care Facilities in the context of COVID-19](#)

Healthcare workers

6. WHO has developed courses on the following topics to support the COVID-19 response in Serbian language including: A general introduction to emerging respiratory viruses, including novel coronaviruses (available in [English](#), [Serbian](#)); Infection Prevention and Control for Novel Coronavirus (COVID-19) ([English](#), [Serbian](#)).

Women

7. UNFPA technical brief [COVID-19: A Gender Lens Protecting sexual and reproductive health and rights, and promoting gender equality](#)

Persons with substance use disorders

8. UNODC [Guidance for the treatment of persons with substance use disorders](#)
9. UNDOC [guidelines](#) on comprehensive HIV prevention, care and support services for drug users during the COVID-19 pandemic

Parenting

10. UNFPA [Q&A on pregnancy, childbirth and breastfeeding](#)
11. UNODC [information on parenting](#) during COVID-19.

COVID-19 and human rights

12. Lawyers' Committee for Human Rights, with the expert support of UN Human Rights Team Serbia presents the first brief analysis HUMAN RIGHTS AND COVID-19 - [Analysis of the changes in legal framework during a state of emergency and impact on enjoying human rights - Freedom of Movement, Freedom of Assembly, Freedom of Religion or Belief](#).

Guidance and statements relevant for the position of the vulnerable rights holders groups and for specific contexts during the COVID-19 crisis:

13. Special Procedure (SP): Leave no one behind during COVID-19 epidemic – [link](#)

14. SP: Freedom of assembly and association & COVID-19 – [link](#)
15. High Commissioner for Human Rights: COVID-19 requires coordinated action - [link](#)
16. CRC Committee: Children & COVID-19 - [link](#)
17. SPs: Violence against children & COVID-19 - [link](#)
18. CESCR Committee: Economic and social rights and COVID-19
19. CRPD Committee: Persons with disabilities and COVID-19 - [link](#)
20. SP: IDPs & COVID-19 – [link](#)
21. SP: Minorities and COVID-19 – [link](#)
22. WHO: Prisons and COVID-19 Guidance - [link](#)
23. SPs: Domestic violence and COVID-19 – [link](#)
24. SP: Older persons and COVID-19 – [link](#); UNSDG Policy brief, UNFPA technical [brief](#)
25. SP: Xenophobia and racial discrimination, & COVID 19 - [link](#)
26. SPs: Safe water and COVID-19 - [link](#)
27. SP: Global recession and COVID-19 - [link](#)
28. SP: Freedom of expression, freedom of information & COVID 19 – [link](#)
29. SP: Housing and COVID-19 – [link](#)
30. SP: Persons with disabilities and COVID-19 - [link](#)
31. SPs: Emergency powers, human rights & COVID-19 - [link](#)
32. SPT: Advice to States Parties and National Preventive Mechanisms relating to the Coronavirus Pandemic - [link](#)
33. SPT: Advice on compulsory quarantine for Coronavirus-COVID-19 - [link](#)
34. The UN Refugee Agency calls for the full inclusion of refugees, asylum-seekers, stateless and internally displaced persons into COVID-19 recovery strategies and plans - [link](#)
35. UNHCR Advice to Refugees and Asylum Seekers in Serbia - [link](#)
36. UN Refugee Agency is urging Governments worldwide to pay urgent attention to the plight of millions of stateless people - [link](#)
37. UNHCR: The Impact of COVID-19 on Stateless Populations: Policy Recommendations and Good Practices - [link](#)
38. Coronavirus: UNHCR offers practical recommendations in support of European countries to ensure access to asylum and safe reception - [link](#)
39. Beware long-term damage to human rights and refugee rights from the coronavirus pandemic: UNHCR - [link](#)
40. Council of Europe: GUIDELINES ON PROTECTING NGO WORK IN SUPPORT OF REFUGEES AND OTHER MIGRANTS – [link](#)

LIST OF UNICEF POSTERS AND LEAFLETS:

1. UNICEF: Protect yourself and your family from the coronavirus ([Serbian](#) and [Roma](#))
2. WHO and UNICEF: Helping children cope with stress during the COVID-19 epidemic ([Serbian](#) and [Roma](#))
3. WHO and UNICEF: Coping with stress during the COVID-19 epidemic ([Serbian](#) and [Roma](#))
4. WHO and UNICEF: Symptoms of the new coronavirus ([Serbian](#) and [Roma](#))
5. WHO and UNICEF: The new coronavirus: recommendations on how children can protect themselves ([Serbian](#) and [Roma](#))
6. WHO and UNICEF: The new coronavirus – how to protect yourself? ([Serbian](#) and [Roma](#))
7. WHO and UNICEF: How to use a mask correctly ([Serbian](#) and [Roma](#))
8. WHO and UNICEF: COVID-19 Parenting: Bad behaviour ([Serbian](#) and [Roma](#))
9. UNICEF: COVID-19 information ([Serbian](#))
10. UNICEF: Key messages for adolescents and young people ([Serbian](#) and [Roma](#))
11. UNICEF: What parents can do to prepare the child and themselves for possible hospitalization during the COVID-19 epidemic ([Serbian](#) and [Roma](#))
12. UNFPA and UNICEF: Coronavirus - Recommendations for pregnant and breastfeeding women ([Serbian](#) and [Roma](#))
13. UNICEF: How to fight against the coronavirus ([Serbian](#) and [Roma](#))
14. WHO and UNICEF: Helping children cope with stress (Farsi, Pashto, Arabic, English)
15. WHO and UNICEF: Parenting tips (Arabic, Farsi, Pashto, English)

Annex 4 - UN assessments, completed and on-going¹⁰⁰

- FAO - *Socio-Economic Impacts of COVID19 in the Agri-Food Sector of Serbia*, assessment
- ILO - *Covid-19 and the World of Work - Serbia – Rapid Assessment of the Employment Impacts and Policy Responses*, assessment [link](#)
- OHCHR and Ipsos Group- *Covid-19 and work in the informal economy*, survey
- OHCHR and CFD- *Covid-19 impact on the position and rights of workers in Serbia*, analysis
- OHCHR and SIPRU- *Analysis of socio-economic impact of Covid-19 on groups of risk in the Republic of Serbia*, assessment
- UNESCO - *Socio-economic impact assessment of COVID-19 to Cultural Sector in Serbia*, assessment
- UNHCR - *Draft Rapid Assessment on the Socio-Economic Impact of Covid-19 on Asylum Seekers and Refugees in the Republic of Serbia*, assessment
- UNICEF - *Experience of young people about distance learning in the Covid period*, survey [link](#)
- UNICEF and MoESTD- *Monitoring the Participation and Learning Process of Students from Vulnerable Groups During Distance Learning*, survey [link](#)
- UNICEF - *Research on the Effect of the Covid-19 Pandemic on Families with Children in Serbia*, research [link](#)
- UNICEF – *U-Report Poll Impact of Covid-19 on Working Arrangements*, survey [link](#)
- UNICEF – *U-Report Poll How the Situation Caused By Corona Virus Affects Young People*, survey [link](#)
- UNICEF and UNFPA U – *Report Poll Survey on sexual and reproductive health*, survey [link](#)
- UNICEF and MoESTD, *Response of the Preschool Education System During COVID-19 EPIDEMIC*, survey
- UN WOMEN - *Impact of the COVID-19 pandemic on specialist services for victims and survivors of violence in Serbia: A proposal for addressing the needs, supported by EU*, analysis [link](#)
- UN WOMEN and UNFPA– *Rapid Gender Assessment*
- UN DESA - *mimeographed, A simulation of the impact of COVID-19 in Serbia*
- UNESCO - *Socio-economic impact assessment of COVID-19 to Cultural Sector in Serbia*, assessment
- UNHCR- *Draft Rapid Assessment on the Socio-Economic Impact of Covid-19 on Asylum Seekers and Refugees in the Republic of Serbia*, assessment
- UNHCR- *The Socio-Economic Impact of Covid-19 on Persons at Risk of Statelessness in the Republic of Serbia*, assessment
- UNDRR- *The Disaster Resilience Scorecard Assessment: Case-Studies and Lessons Learned*, assessment [link](#)
- UNOPS - *COVID-19 Crisis Effects, The Report on the Swiss PRO Survey of the COVID-19 Crisis Effects in the Programme AoR*, Survey
- UNFPA - *Older persons in the Republic of Serbia and COVID 19 pandemic*, assessment;
- UNDP (with Institute for Public Health 'Batut') – *Management of Infections Waste in Serbia: Experience during COVID-19 Pandemic* (publication October 2020);
- UNDP (with European Union) – *Study on Green Recovery*, publication November 2020;
- UNDP – *Mapping Gaps, blockages or obstacles to the effective enforcement of existing laws, measures and practices in addressing gender-based violence within the social-welfare system, judiciary and health-care system during the state of emergency and COVID-19 crises;*

¹⁰⁰ For more information on assessments and surveys by UN, please contact jasminka.young@un.org

Annex 5

UN SYSTEM PROCUREMENT OF MEDICAL & NON MEDICAL EQUIPMENT & SUPPLIES TO COVID19 RESPONSE IN SERBIA (MARCH- JUNE 2020)

Pillar	Activity	Participating Agency	Budget (\$)	Description of Activity	Time of Delivery	Location	Donor	Quantity	Completed
Pillar 3: Strengthening the response of the national health system March -June 2020	Procurement of laboratory test kits/reagents	WHO	\$ 244,000	PCR tests kits	15-03-20	Belgrade- Distribution TBC	Germany (WHO Regional Office for Europe)	5,300	Yes
Pillar 3: Strengthening the response of the national health system	Procurement of laboratory test kits/reagents	WHO	\$ 272,000	6,000 PCR tests	10-04-20	Belgrade- Torlak Institute	USAID	6,000	Yes
Pillar 3: Strengthening the response of the national health system	Procurement of mechanical ventilators	WHO	\$ 234,716	200 oxygen concentrators	10-05-20	Belgrade- Distribution TBC	USAID	200	
Pillar 3: Strengthening the response of the national health system	Procurement of RNA extraction kits and consumables for the RT PCR	WHO	\$ 143,284	Fingertip Pulse Oximeters	15-05-20	Belgrade- Distribution TBC	USAID	3,500	No
Pillar 3: Strengthening the response of the national health system	Procurement of RNA extraction kits and consumables for the RT PCR	WHO	\$ 59,300	40 kits for 10,000 tests with additional equipment	07-05-20	Belgrade- Distribution TBC	WHO Emergency Funds	40 kits	
Pillar 2: Risk communication and Community engagement	Development/dissemination of tailored made communication	WHO	\$ 75,000	Media messages 1. Using masks reducing risks, 2. Washing hands 3. protecting yourself and others 4. safe ways to prepare food, 5. how to behave on markets,6. Stay safe while traveling, Mental Health	May and June 2020	WHO FB, IPH Serbia website, airports, press statements, media appearances, migrant centres	WHO Corporate Funds	n/a	
Pillar 2: Risk communication and Community engagement	Development/dissemination of tailored made communication	UNWOMEN	\$ 25,000	Women's rights, gender equality, GBV, rural women Design and distribution of brochures, Social media and traditional Newsletters and briefs for donors and partners, Human impact stories for UN Women regional website		Media	TBC	TBC	

Pillar	Activity	Participating Agency	Budget (\$)	Description of Activity	Time of Delivery	Location	Donor	Quantity	Completed
Pillar 3: Strengthening the response of the national health system	Procurement of mechanical ventilators	UNOPS	\$ 2,821,719	Devices for Monitoring, Ventilation and Anaesthesia	25-04-20	Belgrade- Distribution TBC	EU/Norway	50	Partial
Pillar 3: Strengthening the response of the national health system	Procurement of mechanical ventilators	UNOPS	\$ 1,488,688	Devices for artificial ventilation (respirators)	25-04-20	Belgrade- Distribution TBC	EU/Norway	70	No
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNOPS	\$ 305,000	Covid-19 virus protective Medical Face Masks (standard type) multiple sizes (S,M,L)	15-04-20	Belgrade- Distribution TBC	EU	800,000	Yes
Pillar 3: Strengthening the response of the national health system	Procurement of laboratory test kits/reagents	UNOPS	\$ 1,473,880	Real Time PCR Machine and 2019-nCoV test	30-04-20	Belgrade- Distribution TBC	EU	2 pcs and reagents for 20000 tests	Partial
Pillar 3: Strengthening the response of the national health system	Procurement of mechanical ventilators	UNOPS	\$ 130,000	Stationary oxygen concentrators	30-04-20	Belgrade- Distribution TBC	EU	100	Yes
Pillar 3: Strengthening the response of the national health system	Procurement of mechanical ventilators	UNOPS	\$ 781,334	Intensive care monitors	28-04-20	Belgrade- Distribution TBC	EU, Kingdom of Norway	100	
Pillar 3: Strengthening the response of the national health system	Procurement of contactless thermometer	UNOPS	\$ 49,500	300 Infra-red Thermometers	15-04-20	Belgrade- Distribution TBC	EU	300	Yes
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNOPS	\$ 250,000	Protective masks N95 Size L - 50000 Size M - 50000	30-04-20	Belgrade- Distribution TBC	EU	1,000,000	
Pillar 3: Strengthening the response of the national health system	Procurement of Truck size pre-fabricated container infirmary (8-10sqm)	UNOPS	\$ 666,471	100 Containers	30-04-20	Belgrade- Distribution TBC	EU	100	Partial

Pillar	Activity	Participating Agency	Budget (\$)	Description of Activity	Time of Delivery	Location	Donor	Quantity	Completed
Pillar 3: Strengthening the response of the national health system	Procurement of Truck size pre-fabricated container infirmary (8-10sqm)	UNOPS	\$ 85,860	Medical furniture for 100 containers	30-05-20	Belgrade- Distribution TBC	EU	100	Partial
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNOPS	\$ 2,750,000	Protective medical equipment		TBC	TBC	LS	
Pillar 3: Strengthening the response of the national health system	Procurement of laboratory test kits/reagents	UNOPS	\$ 220,000	Hematology cell counter machine and tests		TBC	TBC	20	
Pillar 3: Strengthening the response of the national health system	Procurement of mechanical ventilators	UNOPS	\$ 550,000	Syringe and infusion pumps		TBC	TBC	200	
Pillar 3: Strengthening the response of the national health system	Procurement of laboratory test kits/reagents	UNOPS	\$ 500,000	Medical blood gas analyser		TBC	TBC	20 analysers and 15,000 test cards	No
Pillar 2: Risk communication and Community engagement	Procurement of hygiene items for Roma population	UNOPS	\$ 54,412	Procurement of food and hygiene packages for Roma population	05-05-20	Belgrade, Niš, Subotica, Valjevo	EU	1000 packages	Yes
Pillar 3: Strengthening the response of the national health system	Procurement of mechanical ventilators	UNICEF	\$ 1,079,984	50 Ventilator ,medical adult-child w/ accessories	30-06-20	Belgrade- Distribution TBC	Private Sector Fundraising	50	No
Pillar 3: Strengthening the response of the national health system	Procurement of mechanical ventilators	UNICEF	\$ 85,620	Oxygen concentrator (Procurement not finalized) Requested from Supply Division, subject to further quantity/price confirmation.	30-04-20	Belgrade- Distribution TBC	Private Sector Fundraising	30	No
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 7,713	Face shield fog-resistant, full face disp	03-04-20	Belgrade- Distribution TBC	UNICEF Regular Resources (Private Sector fundraising in progress)	5,376	Yes

Pillar	Activity	Participating Agency	Budget (\$)	Description of Activity	Time of Delivery	Location	Donor	Quantity	Completed
Pillar 3: Strengthening the response of the national health system	Procurement of Disinfectants	UNICEF	\$ 59,861	Hygiene products for the most vulnerable	30-04-20	Serbia	Bilateral donors	8,000 sets	Partial
Pillar 3: Strengthening the response of the national health system	Procurement of mechanical ventilators	UNICEF	\$ 19,747	Flowmeters for oxygen with humidifiers	30-04-20	Belgrade	Private Sector Fundraising in progress	60	
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 652	HE Apron protection	03-04-20	Belgrade- Distribution TBC	UNICEF Regular Resources (Fundraising in progress)	5,200	Yes
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 2,469	HE*Gloves, heavy-duty rubber/nitrile, L	03-04-20	Belgrade- Distribution TBC	UNICEF Regular Resources (Fundraising in progress)	71,900	Yes
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 12,579	Coverall protection CatIII type 6b,XL	30-04-20	Belgrade- Distribution TBC	UNICEF Regular Resources (Fundraising in progress)	2,000	No
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 23,370	Gown surgical nonsterile nonwoven disp L	30-04-20	Belgrade- Distribution TBC	UNICEF Regular Resources (Fundraising in progress)	8,000	No
Pillar 2: Risk communication and Community engagement	Development/dissemination of tailored made communication	UNICEF	\$ 350,000	1- Communication on prevention using UNICEF website, Facebook, Twitter, Instagram, LinkedIn, U-Report platform and digital media channels. 2-Posters for vulnerable settlements (Roma) 3-TV and radio to increase reach of children and families		Social Media , posters, TV & Radio	TBC	TBC	
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 1,504	Coverall protection CatIII type 6b,L	03-04-20	Belgrade- Distribution TBC	UNICEF Regular Resources (Fundraising in progress)	250	Yes
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 4,757	Mask,surgic,typellR,tiestrap,disp.pack5	03-04-20	Belgrade- Distribution TBC	UNICEF Regular Resources (Fundraising in progress)	1299	Yes

Pillar	Activity	Participating Agency	Budget (\$)	Description of Activity	Time of Delivery	Location	Donor	Quantity	Completed
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 8,212	Coverall ,protection, CatIII ,type 6b,M	03-04-20	Belgrade- Distribu- tion TBC	Private Sector Fund- raising in progress	1,299	Yes
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 65,040	Gown, surgic, nonsterile, nonwoven, disp,XL	03-04-20	Belgrade- Distribu- tion TBC	UNICEF Regular Re- sources (Fundrais- ing in progress)	25,500	Yes
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 26,276	Mask,high-fil,FFP2/N95,no valve,PAC-20	03-04-20	Belgrade- Distribu- tion TBC	UNICEF Regular Re- sources (Fundrais- ing in progress)	450	Yes
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 7,321	Mask,surgic,typellR,tiestrap,disp.pack50	03-04-20	Belgrade- Distribu- tion TBC	UNICEF Regular Re- sources (Fundrais- ing in progress)	1,999	Yes
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 49,057	Coverall, protection, CatIII, type 6b,XL	30-04-20	Belgrade- Distribu- tion TBC	UNICEF Regular Re- sources (Fundrais- ing in progress)	7,800	No
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 4,922	Mask,surgic,typellR,tiestrap,disp.pack50	30-04-20	Belgrade- Distribu- tion TBC	UNICEF Regular Re- sources (Fundrais- ing in progress)	1,344	No
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 1,020	Gown, surgic, nonsterile, nonwoven, disp, XL	30-04-20	Belgrade- Distribu- tion TBC	UNICEF Regular Re- sources (Fundrais- ing in progress)	400	No
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 2,618	Mask,high-fil,FFP2/N95,no valve,PAC-20	30-04-20	Belgrade- Distribu- tion TBC	UNICEF Regular Re- sources (Fundrais- ing in progress)	50	No
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 23,976	Gown, surgic, nonsterile, nonwoven, disp, XL	30-04-20	Belgrade- Distribu- tion TBC	UNICEF Regular Re- sources (Fundrais- ing in progress)	9,400	No
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 14,086	Mask,high-fil,FFP2/N95,no valve,PAC-20	30-04-20	Belgrade- Distribu- tion TBC	UNICEF Regular Re- sources (Fundrais- ing in progress)	269	No

Pillar	Activity	Participating Agency	Budget (\$)	Description of Activity	Time of Delivery	Location	Donor	Quantity	Completed
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNICEF	\$ 28,628	Gown, surgic, nonsterile, nonwoven, disp,L	30-04-20	Belgrade- Distribution TBC	UNICEF Regular Resources (Fundraising in progress)	9,800	No
Pillar 3: Strengthening the response of the national health system	Procurement of Disinfectants	UNHCR	\$ 47,305	Hand sanitizer gel 65ml, for SCRM (staff and asylum seekers/migrants)	10-04-20	SCRM central warehouse in Obrenovac	UNHCR Resources	60,000 pieces	Partial
Pillar 3: Strengthening the response of the national health system	Procurement of Disinfectants	UNHCR	\$ 6,008	Liquid hand soap 1 litre, for SCRM (asylum seekers/migrants)	06-04-20	SCRM central warehouse in Obrenovac	UNHCR resources	6,500 lit	Partial
Pillar 3: Strengthening the response of the national health system	Procurement of contactless thermometer	UNHCR	\$ 733	No contact thermometer, for SCRM (asylum seekers/migrants)	27-03-20	SCRM central warehouse in Obrenovac	UNHCR	18	Yes
Pillar 3: Strengthening the response of the national health system	Procurement of Disinfectants	UNHCR	\$ 862	Empty plastic refill spray bottle 500ml, for SCRM (staff and asylum seekers/migrants)	19-03-20	SCRM central warehouse in Obrenovac	UNHCR	1,300	Yes
Pillar 3: Strengthening the response of the national health system	Other	UNHCR	\$ 117	Water tank vol.1,000 litres, for Asylum Centre in Banja Koviljaca	27-03-20	SCRM Asylum Centre in Banja Koviljaca	UNHCR	1	Yes
Pillar 3: Strengthening the response of the national health system	Other	UNHCR	\$ 1,695	Mobile phones, for SCRM	31-03-20	SCRM asylum and reception centres	UNHCR	10	Yes
Pillar 3: Strengthening the response of the national health system	Supporting school based communication	UNHCR	\$ 6,180	Software, for UASC Homes	31-03-20	UASC homes	UNHCR	12 sets	Yes
Pillar 3: Strengthening the response of the national health system	Other	UNHCR	\$ 8,242	Cleaning services, monthly, for Reception Centre in Presevo	30-03-20	SCRM Reception Centre in Presevo	UNHCR	2 months as of 30 March	Partial
Pillar 3: Strengthening the response of the national health system	Procurement of Disinfectants	UNHCR	\$ 678	Hygiene supplies, 2 months, for Homes for UASC: JRS and Loznica	13-04-20	UASC homes in Loznica and JRS Belgrade	UNHCR	610 pieces	Yes

Pillar	Activity	Participating Agency	Budget (\$)	Description of Activity	Time of Delivery	Location	Donor	Quantity	Completed
Pillar 3: Strengthening the response of the national health system	Procurement of hygiene items for Roma population	UNHCR	\$ 6,586	Food and hygiene supplies for 230 Roma IDP families in Belgrade	09-04-20	Belgrade, 9 Roma settlements	UNHCR	230 parcels	Yes
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNHCR	\$ 12,008	Latex gloves and protective masks, for SCRM staff	13-04-20	SCRM central warehouse in Obrenovac	UNHCR	12,000 pairs of gloves, 16,000 masks	Partial
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNHCR	\$ 1,726	Protective masks, latex gloves and ethanol for MoLEVSA staff working with children	09-04-20	16 social institutions for child protection in 14 cities	UNHCR	2,300 masks, 1,150 pairs of gloves, 60 litres of ethanol	Yes
Pillar 3: Strengthening the response of the national health system	Other	UNHCR	\$ 5,065	Blankets for reception centres in Presevo and Miratovac	01-04-20	Reception centres in Presevo and Miratovac	UNHCR	1,010	Yes
Pillar 3: Strengthening the response of the national health system	Other	UNHCR	\$ 7,660	Blankets and sleeping bags for Reception Centre in Morovic	03-04-20	Reception Centre in Morovic	UNHCR	510 blankets and 512 sleeping bags	Yes
Pillar 2: Risk communication and Community engagement	Development/dissemination of tailored made communication	UNHCR	\$ 20,000	Media messages on protection, access to rights including asylum procedure and services.		FB, Twitter, UNHCR Serbia website	TBC	TBC	
Pillar 2: Risk communication and Community engagement	Development/dissemination of tailored made communication	UNFPA	\$ 15,000	General information about GBV, SRHR during pandemic, information for pregnant women, old people, youth against Covid social media campaign, Dad in quarantine social media campaign to promote positive gender norms during isolation		FB, Twitter, Youtube, UNFPA Serbia website	UNFPA	TBC	

Pillar	Activity	Participating Agency	Budget (\$)	Description of Activity	Time of Delivery	Location	Donor	Quantity	Completed
Pillar 3: Strengthening the response of the national health system	Transportation (Cargo flights) cost	UNDP	\$ 7,500,000	Airlift support 15 flights from China & India	31-05-20	Belgrade	EU	15 flights	Yes
Pillar 2: Risk communication and Community engagement	Development/dissemination of tailored made communication	UNDP	\$ 20,000	Messaging on emergency response ; Social capital building; Digital/Tech solutions; Vulnerable groups (Roma, elderly); VaW through Instagram, FB, Twitter, UNDP website, traditional media		Instagram, FB, Twitter, UNDP website, traditional media	TBC	TBC	
Pillar 2: Risk communication and Community engagement	Development/dissemination of tailored made communication	No Agency ATM	\$ 50,000	TBC - Marketing agency to develop joint package of comms materials.		Media	TBC	TBC	
Pillar 3: Strengthening the response of the national health system	Procurement of laboratory test kits/reagents	No Agency ATM	\$ 73,000	Standard sets of RT-PCR (real-time polymerase chain reaction) equipment, consumables, primers and probes for 2000 tests	07-05-20	TORLAK Institute	IAEA	200 tests	No
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	IOM	\$ 140,000	Large-scale tents which can accommodate up to 140 people each in order to alleviate pressure on existing accommodation capacities	15-04-20	Kikinda, Sombor, Principovac, Obrenovac	EU	4	
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	IOM	\$ 155,000	Bunk beds for tents, including mattresses	20-04-20	Sombor, Obrenovac, Principovac, Kikinda	EU	560	
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	IOM	\$ 32,500	Bed linen, blankets and pillows for bunk beds	20-04-20	Obrenovac, Principovac, Sombor, Kikinda	EU	560	
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	IOM	\$ 200,000	NFIs (clothes, personal hygienic kits for migrants)	05-03-20	TBD	EU	6,000	
Pillar 3: Strengthening the response of the national health system	Procurement of Disinfectants	IOM	\$ 96,000	Procurement of hygienic supplies (hand sanitizers, liquid soap, one-time use sanitary gloves, masks)	20-04-20	TBD	EU		

Pillar	Activity	Participating Agency	Budget (\$)	Description of Activity	Time of Delivery	Location	Donor	Quantity	Completed
Pillar 3: Strengthening the response of the national health system	Procurement of Disinfectants	UNDP	\$ 48,000	disinfectants, food containers	01-09-20	Belgrade	Norway	100	yes
Pillar 3: Strengthening the response of the national health system	Procurement of Vehicles	UNDP	\$ 50,000	vehicles	02-09-20	Belgrade	Norway	2	yes
Pillar 3: Strengthening the response of the national health system	Procurement of Ambulance Vehicles	UNDP	\$ 771,232	ambulance vehicles	03-10-20	TBD	EU	12	no
Pillar 3: Strengthening the response of the national health system	Protective equipment	UNDP	\$ 243,750	encapsulated suits	01-10-20	TBD	EU	75	no
Pillar 2: Risk communication and Community engagement	Development/dissemination of tailored made communication	UNDP	\$ 1,389	Design, printing, and distribution of information materials on infectious waste in Roma settlements	01-05-20	Serbia	UNDP	100	yes
Pillar 3: Strengthening the response of the national health system	Procurement of Personal protective equipment	UNDP	\$ 5,409	protective masks for Roma	01-05-20	Serbia	UNDP	100	yes
Pillar 2: Risk communication and Community engagement	Procurement of hygiene items for older population	UNFPA	\$ 37,000	Procurement of hygiene products for 4430 the most vulnerable older people in 31 municipalities in Serbia	30-05-20	31 municipalities in Serbia	UNFPA	4,430 parcels	Partial
TOTAL			\$ 24,622,721						