Input: Social assistance benefit systems in Western Balkan countries

Based on RCC/EC(2021): Regional Overview of Western Balkan Economies Regarding the European Pillar of Social Rights 2021
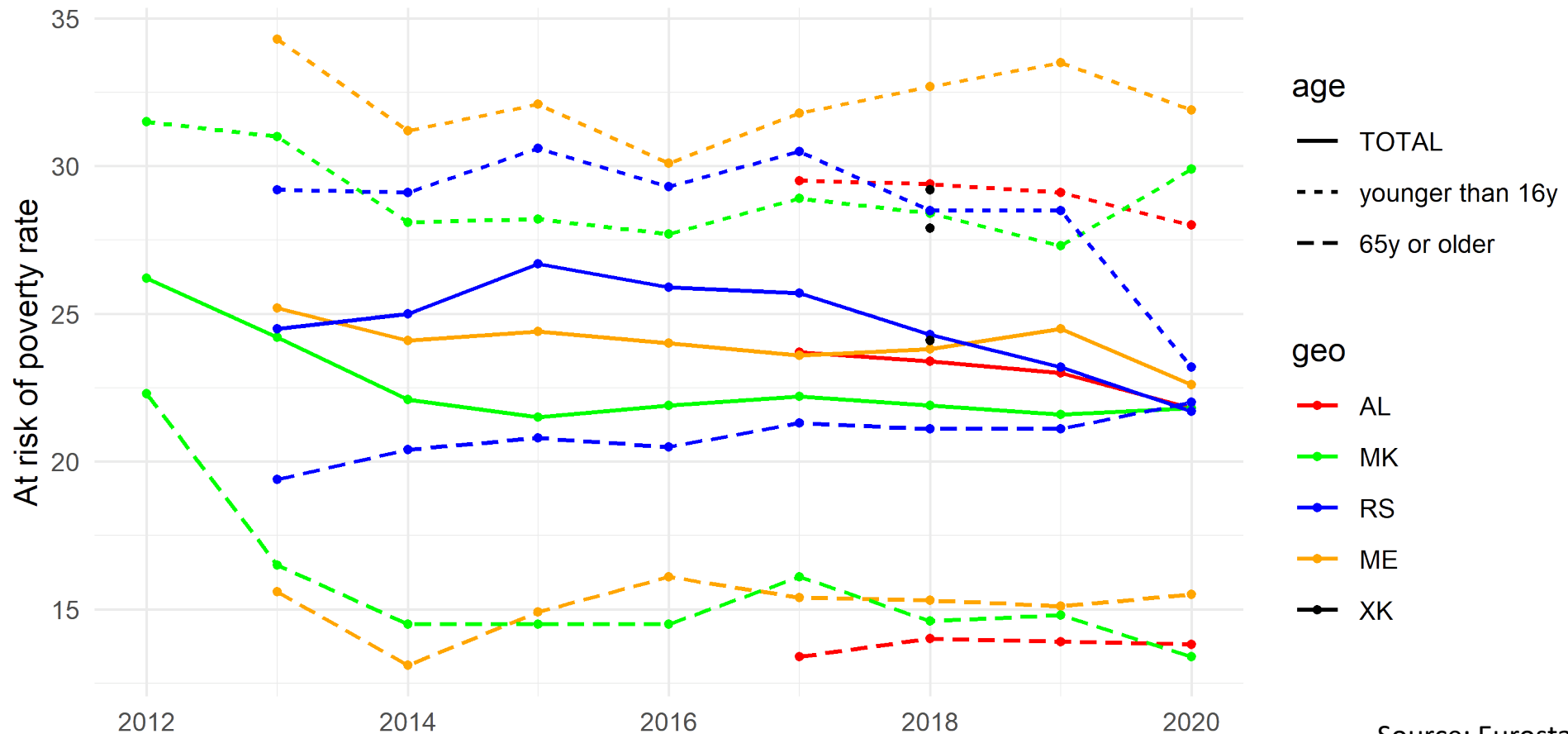
Felix Wohlgemuth

EUROPEAN CENTRE FOR SOCIAL WELFARE POLICY AND RESEARCH

Main challenges

- People affect by poverty / material deprivation
- People living in households with very low work intensity
- Most vulnerable groups

Main challenges

- **At risk of poverty rate (cut-off point: 60% of median equivalised income after social transfers)**

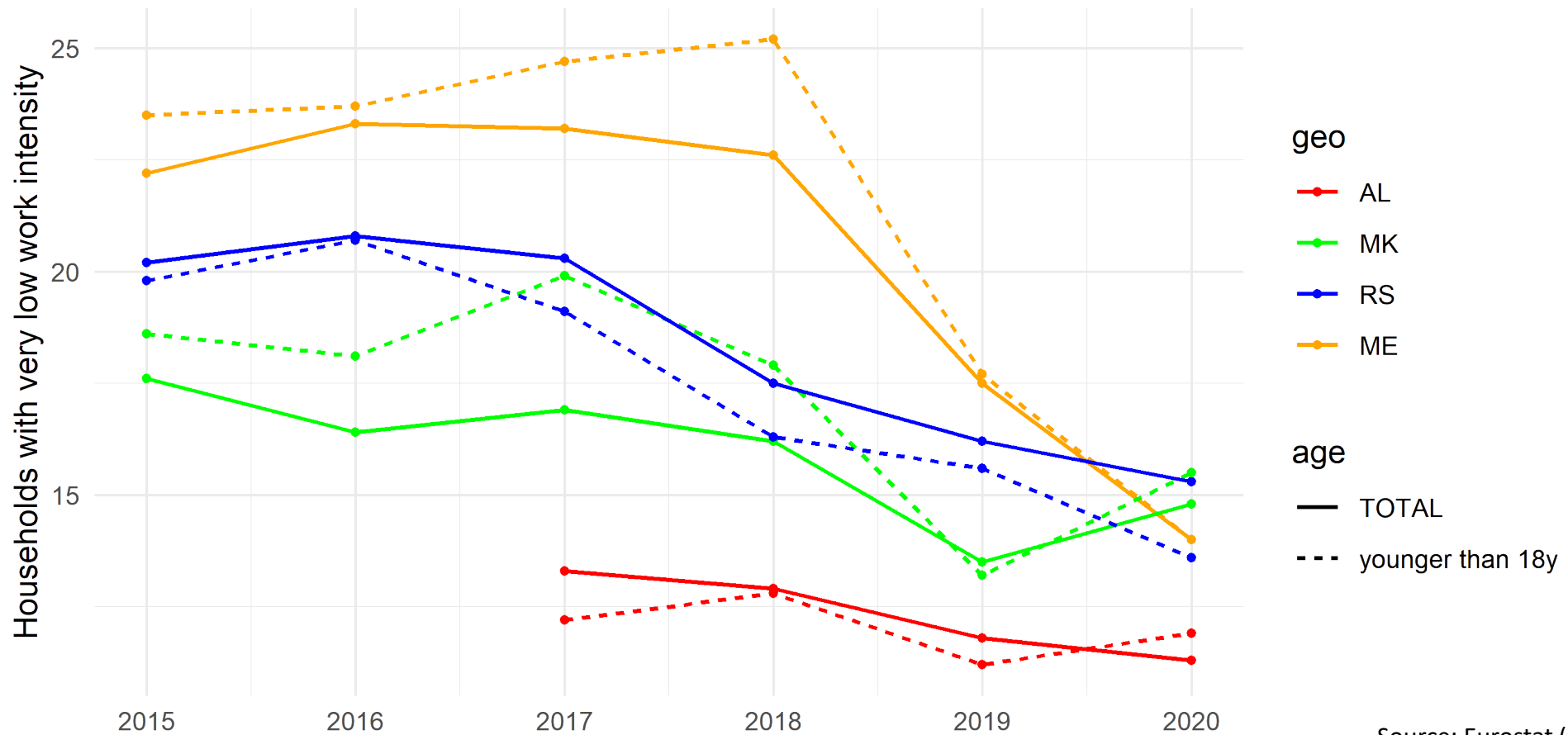

Source: Eurostat (2022) ilc_li02

3

Main challenges

- **Severe social and material deprivation by household type (2019 data)**

		Total	Household composed of one adult	Household composed of two adults	Household composed of two adults with one dependent child	Household composed of two adults with two dependent children	Household composed of two adults with three or more dependent children
Montenegro	Total	21.0	27.6	21.5	16.0	15.8	28.2
Montenegro	First quintile	49.8	59.4	50.3	47.3	43.1	52.4
North Macedonia	Total	22.1	24.2	22.5	14.2	15.8	39.7
North Macedonia	First quintile	53.4	55.3	47.5	46.1	41.0	64.4
Albania	Total	42.5	63.1	47.3	42.1	34.2	53.7
Albania	First quintile	70.8	84.3	79.3	78.0	56.5	76.8
Serbia	Total	14.3	24.4	16.8	12.0	8.6	30.6
Serbia	First quintile	39.9	46.7	44.9	34.9	34.9	51.9

Source: Eurostat (2022) ILC_MDSD13

Main challenges

People living in households with very low work intensity

Source: Eurostat (2022) TEPSR_SPI130

Main characteristics

- Public expenditure on social protection
- Type of minimum-income schemes
  - (means-tested vs. universal/categorical)
- Benefit levels
- Impact of social transfers on poverty rates
- Goals of recent reforms
- Policy recommendations

Main characteristics

Indicator	General government expenditure in social protection						
	2014	2015	2016	2017	2018	2019	2020
AL	n/a	n/a	9.5	9.1	9.0	8.9	8.8
BA	n/a	11.7	12.5	13.0	13.9	13.2	12.7
MK	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ME	n/a	14.3	13.7	13.1	n/a	n/a	n/a
RS	n/a	n/a	n/a	n/a	n/a	14.4	14.7
XK*	n/a	5.1	6.4	6.3	6.5	6.9	8.3

Source: RCC/EC(2021) *purple=ERPs; orange=authors' calculation (RCC)*

11

Main characteristics

TABLE 1 Characteristics of MI programmes in the Western Balkans

		Identification (entitlement/eligibility criteria)	Generosity, % of average net wage	Coverage, % of population	Targeting accuracy	Spending, % of GDP
AL	2005	Categorical & means-test	Discretionary	16.3%	56% (2008)	0.39
	2020	Categorical & means-test	9.4% of the average gross wage (2019)	7%	53% (2015)	0.23
B&H	2005	Categorical & means-test	FB&H (2011):6.6%–14% RS (2005):12%	FB&H: 0.7% RS: 0.4%	40% (2007)	FB&H: na RS: 0.03 (2008)
	2020	Categorical & means-test	FB&H: 12.5% RS (2020): 15%	FB&H: 0.4% RS: 0.4%		FB&H: 0.05 RS: 0.06
MNE	2005	Means-test	22.7%	6.3%	66% (2010)	0.4
	2020	Means-test	18.8%	5%	64.6% (2018)	0.23
NM	2005	Means-test	30%	11.8% (2005)	68% (2010)	0.6
	2020	Means-test	22%	4.9%	70% (2018)	0.4
RS	2005	Means-test	26%	1.3%	70% (2010)	0.11
	2020	Means-test	28.4%	3.2%	83% (2018)	0.23
XK	2005	Categorical & means-test	19%	10.2%	68% (2006)	1.03
	2020	Categorical & means-test	29%	5.7%	78% (2016)	0.59

Note: These calculations do not include additions to benefits due to the COVID-19 pandemic.
Source: Identification based on national legislation on MI; Generosity, coverage and spending based on national reports on the number of MI beneficiaries, expenditure on MI and national wage structures collected by authors; Targeting (World Bank, 2010, 2018a,b, 2019, 2020, 2022a,b).

Source: Žarković, J., Mustafa, A., & Arandarenko, M. (2022.): Minimum income in the Western Balkans: From socialism to the European Pillar of Social Rights. *Social Policy & Administration* https://doi.org/10.1111/spol.12855

Main characteristics

TABLE 2 Generosity of the minimum income programmes, 2018

	Benefit amounts (euros)	Poverty line (euros)	Replacement of the poverty threshold value, %	Generosity compared to the EU
Albania	516	2516	20.5%	Low
BiH	-	-	-	-
Kosovo	975	2594	37.5%	Low
Montenegro	1380	4766	28.9%	Low
North Macedonia	1177	3308	35.5%	Low
Serbia	1350	3451	39.4%	Low

Note: We use data for 2018 as that is the only year with the EU-SILC data for Kosovo. There was no similar data for B&H.
Source: Data from national official databases and Eurostat (2022); authors' calculations.

Source: Žarković, J., Mustafa, A., & Arandarenko, M. (2022.): Minimum income in the Western Balkans: From socialism to the European Pillar of Social Rights. *Social Policy & Administration* https://doi.org/10.1111/spol.12855
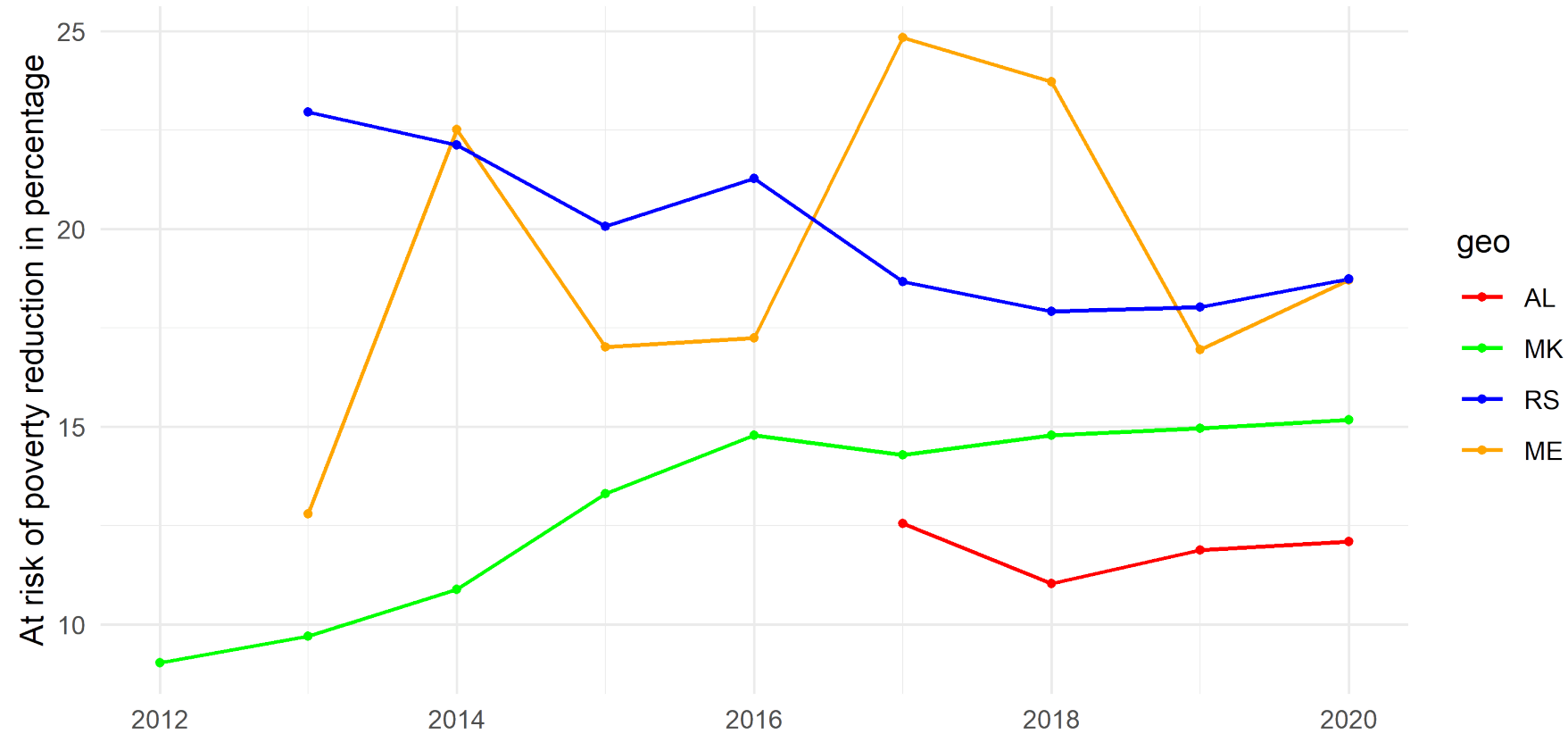
Main characteristics

Table 10. Impact of social transfer on poverty, pre and post transfer povery rates, 2019

	At-risk-of poverty rate before social transfers	At-risk-of poverty rate after transfer	Impact, pp
AL	26.1	23	3.1
BA	na	na	2*(2016)
ME	29.5	24.5	5
MK	25.4	21.6	3.8
RS	28.3	23.2	5.1
XK*	29.5 (2018)	27.9 (2018)	1.6

Source: EUROSTAT 2021. A study examining targeting of social transfers in Bosnia and Herzegovina found that relative poverty decreases by less than 2 percentage points as a result of social transfers (Đukić & Obradović, 2016).

Source: RCC/EC(2021)

Main characteristics

Source: Eurostat(2022) TESPM050

15

Recent reform goals

- AL, MK, RS: improvement of social services coverage, quality and delivery

- BA, RS, ME: investment in the overall social infrastructure to improve efficiency of social benefit provision and lower administrative burden

- challenges: reduce benefit dependencies & ensure integration of beneficiaries into labour market

- lack of data and information

Policy recommendations

- prioritise towards needs-based policies: young children, NEET, marginalised persons, elderly
- better access to social protection, labour market ... in particular rural regions
- integration and alignment of social services with labour market services
- towards integrated employment policies
  - increase activation
  - provide individual approach to employment support
- institutional capacities - data collection

@EuroCentre_SWPR

European Centre for Social Welfare Policy and Research

Berggasse 17, 1090 Vienna, Austria
+43 1 319 45 05-0

ec@euro.centre.org