



**Balanced Budget, Unbalanced Effects:
Serbia`s Good Intentions to Save Money
are Paid for by its Most Vulnerable Citizens**



AgroInvest Foundation Serbia and World Vision International

WORLD VISION is a child focused relief and development organisation working in more than 100 countries, including ten EU countries, and a number of offices in countries of the EU Neighbourhood and Enlargement Policy area, including Serbia.

In Serbia, World Vision (through its presence in Serbia: AgroInvest Foundation) has been active in the past few years as a donor of community services for children with disabilities, a supporter of Serbia's national child rights coalition, the Network of Organizations for Children (MODS), and has initiated research to evaluate both government and NGO service delivery for vulnerable children in 15 communities throughout Serbia. This research was conducted in partnership with the Provincial Institute for Social Welfare.

AGROINVEST FOUNDATION is currently a privileged partner of EUROPEAID in collaboration with World Vision Austria and the Austrian Development Agency in the following project: Networking for a Community Child-Oriented Model.¹

For more information or interviews contact
Tijana Moraca, tijana_moraca@wvi.org

AgroInvest Fondacija Srbija/World Vision International
Tel: +381 11 397 2828, Fax: +381 11 397 0781
www.wvi.org/meero; www.agroinvest.rs

¹: Budget Basis: BGUE-B2012-22.020701-C8-ELARG DELSRB.

© World Vision International and AgroInvest Foundation Serbia, May 2014

AUTHORS Tijana Moraca and Jocelyn Penner

CONTRIBUTOR Iva Kljakic

ALL RIGHTS RESERVED No portion of this publication may be reproduced in any form, except for brief excerpts in reviews, without prior permission from the publisher.

PUBLISHED by World Vision's Middle East and Eastern Europe Office on behalf of World Vision International.

PHOTOGRAPHY ©2008 Andrea Amosson/World Vision (cover)

©2009 Dejan Drobnjak/World Vision

EXECUTIVE SUMMARY

Sustainability of services for Serbia's most vulnerable groups (for example, families living in poverty, the elderly, victims of violence and exploitation, and children with disabilities) is one of the biggest social protection reform challenges facing the country. Civil society organisations are most often impacted by this challenge when international donor funding ends and local government funding options are minimal.²

Public sector service providers now face this same challenge. Under new national cost-saving regulations put in place in 2013, locally operated Centres for Social Work cannot hire needed temporary and permanent staff, even though local government budgets for these staff and services are in place. The national government's good intentions to save money have been paid for by Serbia's most vulnerable citizens. WorldVision International calls on Serbia's National Government to remedy this unintended consequence and provide an exception to the cost-savings regulations for currently budgeted social protection services.



A Day Care Shuts its Doors

A day care for children with disabilities in the South East Serbia town of Aleksinac shut its doors on December 31, 2013 due to new government regulations.

Connected to the government-operated Centre for Social Work, the day care had offered care to children from the area five days a week, eight hours a day, for the last two years. With organised meals and educational and creative activities provided, this

2: This is due to various reasons: a lack of available funds, more confidence in public sector providers by local government than private or civil society sectors, and delayed publication of regulatory provisions associated with the work of civil society organisations in service provision. In its recent contribution to the EU Progress Report on Serbia, WorldVision provided information on the problem encountered by civil society service providers impacted by funding cuts.

service allowed parents to maintain employment while keeping their children out of large-scale residential care.

It is not the lack of money that forced the day care to shut its doors. The day care first opened with financial support from the European Union (EU); in 2013, local government then took on the financial responsibility of operating the day care. Local government budgets extend funding until the end of 2014's budget cycle. This was a model of sustainable development to be applauded.

National Cost-Savings Regulations are Responsible

Local government budgets that included support for day cares was a model of sustainable development to be applauded.

However, the new national cost-savings regulations that bans employment of new permanent staff until the end of 2015 and limits the total number of temporary staff to 10% of the total number of staff effectively shut the doors of the day care, because the service relies on temporary staff.

The policy responsible for this result is Serbia's Budget System Law reform³ that introduced new savings and minimised expenditures in the public sector. Although the Law provides exemptions to the ban on temporary hires for some public sector institutions (e.g., National Parliament, Republic Broadcasting Agency, the Commission for the Protection of Competition, etc.),⁴ the social protection sector is not among them.

Yet, these very problems for Serbia's social protection field were foreseeable prior to the Law's implementation. The Government's Centres for Social Work rely heavily on engaging temporary staff to extend

3: Law on Amendments to the Budget System Law, "Official Gazette of the Republic of Serbia", no. 108/2013.

4: Article 6.

needed services at crucial times of the year and at crucial times in their beneficiaries' lives. However, the Centre for Social Work in Aleksinac could not extend contracts for needed temporary staff as of January 1, 2014, even though the funds existed.⁵

Due to budget cuts at one day care, temporary staff were working for free because they were worried about the children missing out on necessary services.

Effects across the Country

Although no precise information exists to identify the number of beneficiaries from different vulnerable groups who have “had to pay” for these saving

measures in terms of their health,

livelihoods or other key components of their well-being, media stories suggest the cost is high.

In January 2014, media reported that caregivers for the elderly in the municipality of Lucani stopped working because the local Centre for Social Work could no longer offer contracts; this left more than one hundred elderly in surrounding villages without assistance during the winter.

According to surveys done by World Vision in six different municipalities, all Centres for Social Work found continued service delivery at the same levels to be impossible because they could not re-hire temporary staff used during the previous period. These services maintain approved budgets to re-hire these same staff, yet frustratingly, the budgets cannot be spent.

In three of the six municipalities, the Centres for Social Work shut down services until temporary approvals allowed for further staff hires. These temporary approvals are only valid until June 30th of this year. In another municipality, temporary staff has been working as

volunteers without pay since January because they are worried about the consequences for the children they serve if their services ceased. The temporary staff's own livelihood is in jeopardy and “pays” for the State's cost saving measures.

In the remaining two municipalities (Aleksinac and Zitiste), a solution for the engagement of temporary staff is still undetermined. The day care in Aleksinac and home assistance in Zitiste have closed down. The Association of Families and Friends of Children with Disabilities from Aleksinac has succeeded in drawing public attention to the fact that children are left without day care service and physical therapy even though local government funding is “available”.



Dina, a five year-old girl with cerebral palsy from Aleksinac is another Serbian citizen who is paying for these cost-saving measures. Dina has attended the day care in Aleksinac since January 2012 when she was just two years old. The day care provided Dina with a physiotherapist, a special education professional, and allowed for social time with other children. Dina thrived in this environment. The day care shut its doors on December 31, 2013 without prior warning. With Dina at home full time, she does not receive the kind of social, physical and educational interaction necessary to sustain her well-being. With the added expense to find these similar services privately and unable to work without full time care for their child, Dina's parents are the ones who pay for Serbia's cost-saving measures.

5: The possibility of hiring more associates is still possible, but the procedure is complicated, time consuming and it has been changed already twice. Acquiring the approval was first prescribed by Government Regulation from December 20, 2013, which then changed two months later (February 22, 2014). Current regulation requires the provider and local government entity to seek permission from the appropriate line Ministry (for community services it is Ministry of Labour, Employment and Social Policy, i.e. Ministry of Regional Development and Local Government). Second, the line Ministry must then obtain the opinion from the Ministry of Finance and further refer to a special Government's Commission.

6: Maja Nestic, on behalf of the Association of Families and Friends of Children with Disabilities (and mother of a girl with cerebral palsy), in a statement given to World Vision on April 29, 2014.

If an exception to the Budget System Law is not made, the burden of the cost-saving measures will be on the most vulnerable children.

Long-term Harm for Short-term Savings

WorldVision applauds Serbia's investments in community services as a remarkable response to the needs of its citizens. In the case of children with disabilities, these services prevent institutionalization of Serbia's most vulnerable children and keep families together. The community-based services are also less expensive than the institutionalization of children. Therefore, without social protection services as an exception to the new Budget System Law's ban on temporary staff hires, Serbia risks increased institutionalization of its children, increased costs associated with institutionalization, and a backward step in its efforts to take care of its children in ways that increase child development, health and well-being. Even worse, without the exception, Serbia places the burden of these cost-saving measures on its most vulnerable children. This unintended consequence must be remedied immediately without delay.

Further, without an exception to the new Budget System Law for social protection services, Serbia risks prolonging its accession to EU Membership. With EU calls towards child protection reform and significant funding provided by the EU to establish and develop many of these community-based services, Serbia loses the momentum and investments provided by the EU towards human development and human rights.⁷

RECOMMENDATIONS

1. World Vision calls on the Government of Serbia to fortify its successes in social protection reform by creating an emergency exception within the new Budget System Law for necessary staff and temporary staff for social protection services according to approved budgets.

2. WorldVision also calls on the EU to support this emergency exception by the Government of Serbia with necessary resources and support.



⁷: One of the last big investments in services was a three million euro donation from the EU for development of community services for children with disabilities and their families in 41 municipalities in Serbia from 2011 to 2013. The grant was part of IPA 2008 Social Inclusion Project 2008 (EuropeAid/130732/L/ACT/RS).

AgroInvest Foundation

Pazinska 16, 11000 Belgrade Serbia

Tel: +381 11 397 28 28

Tel: +381 11 397 66 45

Fax: +381 11 397 07 81

e-mail: tijana_moraca@wvi.org
office@agroinvest.org

Website: www.agroinvest.org

WorldVision Brussels & EU Representation ivzw

18, Square de Meeûs, box 2

B-1050, Brussels, Belgium

Tel: +32 (0)2 230 16 21

Fax: +32 (0)2 280 34 26

e-mail: eulo-info@wvi.org

Website: www.wvi.org/eu

WorldVision Middle East and Eastern Europe Regional Office

62 Perikleous Street, 2021 Nicosia, Cyprus

Mailing address: P.O. Box 28979, 2084 Nicosia, Cyprus

Tel: +357-22-870277

Fax: +357-22-870204

Website: www.wvi.org/meero