

SERBIA

**DECENT WORK COUNTRY PROGRAMME
DOCUMENT
2013 - 2017**

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Abbreviations

CEE	Central and Eastern Europe
CEACR	Committee of Experts on the Application of Conventions and Recommendations
DWCP	Decent Work Country Programme
DWT/CO	Decent Work Technical Support Team and Country Office
EC	European Commission
EO	Employers' organisation
EU	European Union
GCA	General Collective Agreement
GDP	Gross Domestic Product
ILO	International Labour Organization
ICT	Information and Communications Technology
ILC	International Labour Conference
IDP	Internally Displaced Persons
IMF	International Monetary Fund
LFS	Labour Force Survey
LI	Labour Inspection
MDGs	Millennium Development Goals
NES	National Employment Service
NSDS	National Sustainable Development Strategy
OSH	Occupational Safety and Health
OECD	Organisation for Economic Cooperation and Development
RSD	Republic of Serbia Dinar
SAA	Stabilisation and Association Agreement
SAE	Serbian Association of Employers
SBA	Stand-By Agreement
SEC	Socio-Economic Council
SME	Small and Medium Enterprises
TA	Technical Assistance
TU	Trade Unions
UN	United Nations
UNCPS	United Nations Country Partnership Strategy
UNDAF	United Nations Development Assistance Framework

Introduction

The primary goal of the ILO is to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. Decent Work Country Programmes (DWCPs) promote decent work as both a key component of development policies and as a national policy objective of governments and social partners.

This DWCP identifies strategic priorities and outcomes to be achieved during the period 2013-2017 through joint action of the Government of the Republic of Serbia and the social partners on the one hand, and the ILO, on the other. Its overall objective is to promote decent work through a coherent policy approach that is made operational by a set of priorities and outcomes. The present country programme is informed by international development agendas such as the Millennium Development Goals, the United Nations Development Assistance Framework (UNDAF) 2010-2015 – which is based on national development objectives – and the Stabilization and Association Agreement with the European Union. It also takes account of Serbia's key foreign policy driver of accession to the European Union with its recently-awarded Candidate Status, as well as the priorities expressed by the ILO constituents during the consultation process leading to the formulation of the DWCP. The programme details the policies, strategies and results required to generate progress towards decent work for all. It reflects the strategic planning of ILO cooperation activities with the Republic of Serbia for the period 2013-2017. Reflecting constituents' and ILO experts' assessment of past cooperation, the programme aims to ensure greater synergies and stronger coherence of ILO activities in the country and thus contribute to achieving sustainable results at the times of crisis.

This programme has been developed through a participatory process with the involvement of the ILO tripartite constituents and consists of a narrative part outlining the socio-economic context, the lessons learned to date, a strategy of interventions, and a logical model that details the interventions.

The progress made towards the achievement of the priorities covered by the DWCP will be monitored throughout its implementation.

I. The current situation from a Decent Work perspective

1.1. The socio-economic context

The period preceding the onset of the global economic and financial crisis in Serbia was characterized by robust economic growth, averaging 5 per cent annually. Growth was mainly driven by expansion in domestic demand and foreign investments. Domestic demand was fuelled by increases in wages, per capita income and inflow of remittances, whilst household consumption and private sector investment were supported through increased bank lending. Exports increased at a fast pace, but slower than the growth of imports. The continuously negative trade balance undermined overall GDP performance and contributed to a steady growth of Serbia's public debt.

Output growth turned negative as early as the second quarter of 2008 with a sudden halt of foreign capital inflows, followed by the bursting of the real estate bubble and sharp

depreciations of the national currency. Similarly to most countries in South-Eastern Europe, the peak of the crisis was recorded in 2009 when output fell by 3.1 per cent in real terms.

The sudden stop of foreign capital inflows and the withdrawal of large amount of domestic currency savings caused a sharp contraction of bank lending which negatively affected private sector enterprises and translated in a sharp increase of unemployment.

In 2009, the government – with the support of a US\$4 billion Stand-by-Arrangement (SBA) signed with the International Monetary Fund (IMF) – introduced a number of measures to stabilize the economy and offset the sharp decrease in credit activity. Such arrangement, aimed to ensure macroeconomic and financial stability, included the commitment to undertake structural reforms and fiscal adjustment measures, including cuts to public spending. The cuts regarded mainly public sector salaries and pensions, which were frozen up to April 2011, and a reduction in the number of public sector employees. Additional expenditure adjustments required by the SBA, such as cuts in discretionary government spending and support to large state-owned enterprises did not materialize.

Output growth increased by 1.7 per cent in 2010 and 2.9 per cent in 2011. Consumption and investment levels started to recover in 2011, but at a slow pace due to growing unemployment, decreasing wage levels and low credit activities. The depreciation of the national currency caused an increase of exports, but insufficient to make a significant dent in the external trade deficit, which remained at around 20 per cent of GDP in 2011.

Most economic indicators weakened in the first half of 2012 and the country will need major structural reforms to avoid a deepening of the economic and debt crisis in the years to come.

Employment

The impact of the 2008 economic crisis was very severe in terms of job losses. Between 2008 and 2012, the level of employment decreased by more than 540,000 units¹, mostly in the private sector, while employment in state-owned enterprises remained fairly stable.² The unemployment rate peaked 22.4³ per cent of the labour force, with young workers taking most of the brunt of the recession.

Box 1 below gives some highlights of the key labour market indicators in Serbia.

The rise of the unemployment rate started in 2008 when unemployment rate was 14 percent and in October 2012 unemployment rate for population 15+ was 22,4 percent.⁴ Unemployment is higher for women than for men (21.6 and 23.7 per cent, respectively, in October 2012). Young people aged 15 to 24 are twice as likely as adults to be unemployed, with an overall youth unemployment rate reaching the unprecedented level of 51.2 per cent in October 2012 (49.1 per cent for young men and 54.9 per cent for young women).

Educational attainment is a strong determinant of both labour market status and poverty risk. Income earners with primary education or less have the largest poverty index (26.9% in

¹ LFS data (April 2008-October 2012) decline in the number of employees is about 540.000 persons (2.838.140 employees in April 2008 – 2.299.068 employees in October 2012), the population 15 +.

² Labour Force Survey 2008-2012

³ LFS data from October 2012

⁴ Republic Statistical Office (RSO), Labour Force Survey, April 2012, Belgrade, downloadable at www.stat.gov.rs

2010), experience higher inactivity and unemployment rates as well as lower employment rates.⁵

The structure of employment in Serbia reveals that 52 per cent of workers are employed in the service sector, 27 per cent are employed in industry and 21 per cent in agriculture. In the last decade, there has been a significant decline in employment in agriculture which has resulted in a shift towards employment in the industry sector particularly in 2005-07, agriculture has continued to decline as a source of employment however this was not accompanied by a similar increases in industry employment, but rather by a fall in employment (National Employment Strategy for 2011-2020), although the employment rate is registering marginal increases since 2011⁶.

Part-time employment has been stable in the past several years at around 7 per cent and temporary employment slightly decreased its share of total employment (from 13 per cent in 2006 to 11 per cent in 2012).⁷

During the crisis, informal employment decreased faster than formal employment. The share of informal employment in total employment was 21 per cent in 2009, 19.6 per cent in 2010 and it further decreased to 17.9 per cent in October 2012. High informal job shedding during the crisis could be explained by the duality of the Serbian labour market, where informal workers, employees on fixed-term contracts and workers in the traditional services sector are the most vulnerable to job losses and the first to be affected by an economic contraction. Serbia has been experiencing a negative population growth rate since 1990 and it has one of the highest proportion of elderly people (over 65) at around 17 percent. The working age population has been declining and this has been compounded further by an increase in economic inactivity among those in the working age. The National Employment Strategy for 2011-2020 attributes the low labour market participation rate mainly to the low activity of women, youth (15-24) and elderly persons (55-64). Hence, increasing employment opportunities for women and youth particularly have been important policy areas. The employment rate of women is considerably lower than men's (39.1% and 53.7%, respectively in October 2012), although the gender gap was reduced in the 2005-2012 period. This is primarily the result of the better coverage of the contributing family members' category (since 2008) that is dominated by women. The employment rate of Serbian women is lower than that recorded in the EU-27, (62.3% in 2011 for population 20-64) and also of that of neighbouring countries (Croatia, Bulgaria and Romania). Young people (15-24 years old) also have an exceptionally low employment rate (18.7% in 2005 and 14.7% in October 2012), partly due to engagement in education (National Employment Strategy 2011-2020). Policy and measures for employment of vulnerable youth (disadvantaged youth such as the youth with low educational attainment (early drop-outs), young Roma, young women (especially in rural areas), youth with disabilities, etc) should be further strengthened. Child Labor exists, but there are no exact data on its prevalence⁸.

⁵ Social Inclusion and Poverty Reduction Unit of the Government of Serbia, www.inkluzija.gov.rs

⁶ LFS October 2012

⁷ Labour Force Survey 2008-2012

⁸ The study "Child Labor in Serbia", Center for Children's Rights in cooperation with the Ministry of Labour, Employment and Social Policy, 2006 – the first survey of its kind in the country and so far the only one. Study has shown that child labor exists, but the level of sensitivity to the issue of child labor abuse is at a low level. Also, it was pointed at the most vulnerable groups of children who are at risk and who are subject to this kind of abuse.

Given the recent increase in service sector employment, there is growing attention to promoting women's employment in the ICT sectors, which still remain male dominated⁹.

Apart from regular employment, increasing attention is being paid on women's entrepreneurship, which- in the context of decreasing public sector opportunities- appears as an important avenue for women's employment. Currently, men are almost twice as likely to engage in entrepreneurial activities as women (71 percent for men and 29 percent women)¹⁰ but according to a business performance survey, while there are many more men than women among the owners of companies, female owned firms ranks similarly with male owned firms in terms of exports and research and development and ahead of male-owned firms in innovation. Hence the low representation of women among company owners cannot be said to be indicative of failure or underperformance of female enterprises, but it is most likely an indication of factors such as family obligations, traditional values, limited access to credit. Removing gender based obstacles and creating an enabling environment for female entrepreneurs would contribute towards developing women's entrepreneurship, which is one of the priorities in the National Employment Strategy.

Data on employment disaggregated by national origin or by refugee and internally displaced status is largely unavailable in Serbia. Employment rates of Roma and internally displaced persons (IDPs) are between 5 to 10 per cent lower than overall employment. Workers belonging to these population groups are also more likely to be engaged in work in the informal economy.

Two years into the implementation of the Law on Professional Rehabilitation and Employment of Persons with Disabilities¹¹, the overall employment rate of workers with disabilities remains very low. The figures of the National Employment Service (NES) of Serbia show that since 2009 approximately 988 persons with disabilities had been employed.

In terms of employment creation, both entrepreneurship development and small and medium size enterprises (SMEs) have been widely acknowledged as important instruments for achieving economic growth and development as well as employment creation. Serbia is characterised by a large proportion of SMEs and micro firms. 98% of enterprises in Serbia are small and micro enterprises. Together they provide almost 60% of jobs in Serbia in "business economy"¹². In order to fulfil their potential for creation of decent jobs and sustainability it is important to create a business environment that stimulates entrepreneurship and enables set of structural policies addressing for example institutional support for SMEs, reducing the administrative burdens, access to finances, competitiveness and relevant knowledge and skills.

Green Jobs (in areas such as recycling and energy efficiency) have been a part of Government policy, under the responsibility of Ministry of Energy, Development and Environment. Green jobs present yet another opportunity for employment creation. It is

⁹ Communication with the Director of the Gender Equality Directorate, and statement by Ms. Marina Ivanović, Counsellor Permanent Mission of the Republic of Serbia, General Assembly - Sixty-Sixth Session, Third Committee, Agenda Item 28: Advancement of Women, 12 October 2011 available at <http://www.un.int/serbia/Statements/110.pdf>

¹⁰ Reva, A., 2012, *Gender inequality in the labour market in Serbia*, World Bank Policy Research Working Paper 6008, World Bank, Europe and Central Asia region

¹¹ The Law has been adopted in 2009 and the implementation of quota system for the PwD began in 2010

¹² The 2010 figures have been provided by Serbia's National Statistical Office. The data cover the 'business economy' which includes industry, construction, trade, and services (NACE Rev. 2 Sections B to J, L, M, N)

estimated that more than 20 million of jobs in Europe are already linked to the environment in some way. Mitigating climate change and achieving environmental sustainability should be assessed against the impact on employment. Preference should be given to those policies that are environmentally effective whilst employment friendly.

Box 1: Key labour market indicators

- In October 2012, the labour force participation rate of Serbia was 47,3% (39.1% for women and 56.1% for men). The activity rate of youth aged 15 to 24 years old is among the lowest in South-Eastern Europe (30.2 per cent in October 2012).
- In the period 2001-2008 employment growth remain negative, notwithstanding the high rates of economic growth recorded up to 2008. Since the onset of the crisis in mid 2008 employment declined sharply (from 44.7 per cent in 2008 to 46.4 per cent in October 2012), especially for youth (from 21.0 per cent in 2008 to 14.7 per cent in October 2012).
- A significant share of total employment in Serbia is in the informal economy (17.9% of total employment in October 2012). Informality is more pronounced among low educated individuals and young workers.
- About one third of young workers are engaged in temporary work – 33.7%.
- In October 2012 the unemployment rate is 22.4% with women unemployment rate only slightly higher than men's. Unemployment is predominantly long-term, with 78.1 per cent of the unemployed being out of work for one year or more. In October 2012, the youth unemployment rate reached the level of 51.2 per cent.
- Households headed by an unemployed person face a higher risk of being poor. However, the largest portion of the poor in Serbia (67.6 per cent) live in households where at least one member is employed.

Source: Statistical Office of Serbia, Labour Force Survey, 2008-2012

Equal employment opportunities

In order to address the various gaps in labour market outcomes among different social groups in Serbia, the government adopted the Act on the Prohibition of Discrimination (*Official Gazette* No. 22/09) in April 2009. The Act prohibits direct and indirect discrimination in a number of areas, including education, vocational training and employment, and the definition of discrimination includes an open list of prohibited grounds as follows: race, skin colour, ancestors, citizenship, national affiliation or ethnic origin, language, religious or political beliefs, gender, gender identity, sexual orientation, financial position, birth, genetic characteristics, health, disability, marital and family status, previous convictions, age, appearance, membership in political, trade union and other organizations and other real or presumed personal characteristics. In addition, the government also adopted the Law on Gender Equality in 2009. The Serbian government's commitment to promote equal opportunities is also reflected in the National Employment Strategy 2011-2020, which has recognized women, youth, the Roma population, the long-

term unemployed, older workers, rural population, and people with disabilities¹³ as categories of population with difficulties in employment, to whom priority is given when it comes to their inclusion into active labour market policies.

With regards to gender equality, the government in their reports to the ILO Committee of Experts on the Application of Conventions and Recommendations, raised certain concerns, for example to the possible reduction in public employment and its greater impact on women, and the consequent need to continue to implement gender equality measures of active employment policy, with an emphasis on the employment of women. Moreover, the Progress of the Realization of the Millennium Development Goals in the Republic of Serbia (2009) notes that women constitute the majority of “helping household members” (69.6 per cent in 2005 and 72.3 per cent in 2009), especially in agriculture and they suffer from a particularly unfavourable position, since they work outside the formal labour market and without a salary. Furthermore, the United Nations Human Rights Committee, in its 2011 concluding observations, while welcoming the efforts made to address the discriminatory situation of women, including the adoption of the Law on Gender Equality in 2009, expressed concern about the low number of women in high-level and decision making positions and the fact that stereotypes subsist with respect to the position of women in the society (CCPR/C/SRB/CO/2, 24 March 2011, paragraph 8)¹⁴.

Social protection

Social Security

As a built-in stabilizer of the macro-economy, social security systems in Serbia have played an important role in mitigating the adverse effects of the global economic crisis. At the same time, the Serbian social security systems, in particular the pension system, are facing a complex challenge to restore their long-term sustainability in the face of the anticipated demographic change.

The pension scheme in Serbia is heavily subsidized by the general state budget. The contributions from workers and employers cover only one half of the total expenditure and the remaining half is financed by the transfer from the general budget. Under pressure to reduce the government deficit, the problem of short-term as well as of long-term sustainability of the pension scheme is even more pronounced.

Due to the global crisis and its impact on the domestic political situation, the reform of the pension system has been gradual. The Law on compulsory social insurance Central Register was passed in 2000, and it aims at improving the effectiveness and efficiency of the administration of the pension system.

Compliance with the social security legislation is still an issue of great relevance. Under-reporting of the contributory wages is wide spread. There is a lack of coordination between social security organizations and tax authority, which is responsible for the collection of

¹³ Observation (CEACR) - adopted 2009, published 99th ILC session (2010) Discrimination (Employment and Occupation) Convention, 1958 (No. 111) - Serbia (Ratification: 2000)
http://www.ilo.org/dyn/NORMLEX/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:2309247

¹⁴ 2011, Committee of Experts on the Application of Conventions and Recommendations, Direct Request (CEACR) - adopted 2011, published 101st ILC session (2012) Discrimination (Employment and Occupation) Convention, 1958 (No. 111) - Serbia (Ratification: 2000) available at
http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:2699400

social security contributions. There is also an issue of consistency in legislation dealing with pension and disability insurance and the legislation that promotes vocational rehabilitation and employment of persons with disabilities that needs to be addressed.

Although Serbia has a comprehensive social security system covering all the nine branches of benefits listed in Convention No. 102, part of benefits against work-related injuries and occupational diseases rely on the direct financial liability of the employer. In addition, the employers' financial responsibility for employment injury benefits is not clear under the equal sharing of the total contributions for pensions and health insurance. In line with the National Occupational and Health Strategy, the Republic of Serbia has been preparing for the introduction of a insurance against accidents at work and occupational diseases.

Wages

"Wages in the Republic of Serbia are at rather low level, especially when compared with the wages in the neighbouring countries. The average net wage in January 2013 amounted to RSD 39,197 or gross wage RSD 54,447, while the minimum net income for the reference month is RSD 21,160 and 28,683 RSD gross. Ratio of the average net wage and net minimum wage in January 2013 was 53.99%. In relation to the average wage, the minimum wage was set at a high level. Given that collective agreements (enterprise and sectoral) use the national minimum wage as the basis for wage setting increase in the levels of the minimum wage has an impact on total labour cost. The economic downturn and stagnation currently affecting Serbian businesses (lack of market demand, low product price, weak chargeability of products, illiquidity, high production costs) means that employers often cannot cope with the increase of the minimum wage, hence leading to reduction in staff, irregular payment of wages, irregular payment of contributions for compulsory social insurance. It is not rare that for these reasons employers do not comply with the provisions of collective agreements, and often the employees themselves agree to work for less than minimum wage to ensure they retain jobs.

Moreover, the crisis has further highlighted many structural weaknesses in terms of collective bargaining, minimum wages and other mechanisms related to the determination of wages. Two sectoral collective agreements were signed in 2010 in construction and agriculture / food; in late 2011 the specific collective agreement was concluded for chemicals and non-metals and by the decision on the extended application of the general collective agreement. The branch specific collective agreement for the metal sector in Serbia was also concluded, also by the decision on extended application of the general collective agreement. On November 11th 2012 this collective agreement was cancelled by the Serbian Association of Employers and it is in force until May 2nd 2013 in accordance with Article 264, Paragraph 2 of Labour Law which says that it has to be applied for a maximum of six months from the day of cancellation. The collective agreement in metal sector was cancelled by the Serbian Association of Employers due to the significant impact of the crisis at the metal sector in Serbia in the second half of 2012, but also due to the fact that the Government of Serbia did not increase the threshold for non-taxable amount of wages paid by the employers to their employees

In addition, the period since 2000 has been marked by a gradual but constant decline of trade unions' strength that reflected in the reduction of the coverage of workers and employees by collective agreements.

According to the Labour Law, since 2005, the level of the minimum wage has been negotiated by social partners in the Social and Economic Council of the Republic of Serbia. The minimum wage is agreed per a working hour for a period of at least six months and it can not be lower than the minimum wage set for the previous period. The amount of the minimum wage is set by the Social and Economic Council, and only in exceptional case where there is no consensus, or when, after 10 days from the start of negotiations the decision is not made, the Government of the Republic of Serbia under the provisions of the Labour Law sets the minimum wage by its own decision. Last time the Economic and Social Council discussed the minimum wage on March 31, 2013, but failed to reach a consensus, so the minimum wage was set subsequently by the Government¹⁵. When determining the minimum wage all criteria laid down in the Labour Law have to be taken into account, namely: the average wage in the Republic of Serbia, price trends, existential and social needs of the employee and his family members, unemployment rate, employment trends in the Labour market and the general level of economic development. Elements set forth by the Labour Law and used for determining the amount of the minimum wage needs to be fully harmonized with the ILO Convention No.131. As the Law does not specify the participation of these elements, in the past there have been cases that some criteria more or less had an impact on the determination of the amount of the minimum wage, so it is important to continue with reforms to strengthen the capacities of wage institutions, including the mechanisms of minimum wage fixing.

From 2005 until today, the share of net minimum wage in the net average wage is about 42%, or even more (if used data sorted by months of the year). The minimum wage in the Republic of Serbia from 2005 until today is growing faster than the average wage, having in mind that often the decision on the amount of the minimum wage is often driven by political concern.

The gender wage gap

In Serbia, the difference between the average hourly wages of women and men is 15–16 per cent. This gap is lower than the observed level in the EU, where women continued to earn an average of 17.6 per cent less than men (2007). In addition, the gender gap in Serbia is still among the lowest among the transition countries¹⁶. The wage gap is significantly higher in private than in the public sector- 10.2 percent and 2.2 percent respectively. The relatively small gender wage gap in Serbia (smaller than in Western European economies) have been attributed to the fact that female workers in Serbia on average have better characteristics (e.g. education levels) than male workers. If men had the same characteristics as women the wage differentials would have been larger. The wage gap occurs due to different returns to

¹⁵ The minimum wage in 2009 was 87 Dinars per hour and it was increased in 2010 by 3.45% (90 Dinars). At the end of 2010, the minimum wage was increased by 5.56%, so that in the period November 2010 - May 2011 it amounted to 95 Dinars per hour. Since June 2011, the minimum wage was increased by 7.37% and in that amount (102 RSD) it was paid until March 2012. Since April 2012, the minimum wage was increased by 12.75% and the amount of 115 Dinars per hour is paid as of February 2013.

¹⁶ Schmidt, V., Vaughan-Whitehead, D. Ed. 2011, *The Impact of the Crisis on Wages in South-East Europe*, ILO, Budapest

the same worker characteristics (e.g. education, occupation, sector of employment) and could be indicative of discrimination of women in the Serbian labour market¹⁷.

Working time

The majority of the Serbian population gives preference to permanent, full time jobs: 88.6 per cent of the employed have permanent jobs and 91.3 per cent work full time. While Serbian women are more likely to hold part time jobs than men, the percentage of women engaged in part time work in Serbia (10.1 per cent) is significantly lower than the EU-15 countries (35.4 per cent). However, both men and women who work part-time in Serbia cite inability to find full-time employment as a major reason for working fewer hours, which is different from OECD countries, where part-time employment is largely voluntary¹⁸. Moreover, part-time jobs are largely in the informal sector and the majority of people who work in less than full time jobs has low education levels and is engaged in unskilled occupations. Studies also point out that the unattractiveness of part-time jobs may be due to the low level of wages in the country, where employees may not be able to afford working part time as associated costs (transportation, meals, child care) may be too high relative to earnings. The National Employment Strategy highlights the need to promote Part-Time work and forms of work carried out outside the employer's premises as a form of employment which may best respond to the needs of individuals caring for dependents (children and the elderly) and thereby contribute to employment growth especially for women, possibly increase the birth rate as a result of better reconciliation of work and family life. Given the pre-existing concerns, promotion of part-time work as a measure to reconcile work and family requires a careful consideration, and any developments must be fully in line with the provisions of the Equal Remuneration Convention (No 100), the Discrimination (Employment and Occupation) Convention (No 111), the Workers with Family Responsibilities Convention and Recommendation (No 156), and the Employment Policy (Supplementary Provisions) Recommendation, (No 168) and the Part Time Work (No 174), 1994 (not ratified).

Labour Inspection, Occupational Safety and Health

Labour inspection is an indispensable instrument for promoting decent work and ensuring labour standards at the workplace. In Serbia, a rapid process of transition to a market economy has resulted in a worsening of the conditions of work. The Labour inspectorate in Serbia is facing a challenge to adjust the system to new conditions under a market economy.

With a view to increase compliance with labour and occupational safety and health laws through better cooperation of relevant Ministries and agencies and the social partners, the ILO implemented a major project "Developing a Serbian Labour Inspectorate for the 21st Century" from 2003 to 2005. Several other training programmes of inspection services have followed in the meantime due to which it is reasonable to expect that the labour inspectors are now capable of taking a more integrated approach to inspection focusing on prevention, making strategic plans for inspection visits, and involving more employers and workers. However, professional relevance, visibility and empowerment of labour inspection, along with the introduction of a modern information-sharing (IT) system remain as issues of

¹⁷ Reva, A., 2012, *Gender inequality in the labour market in Serbia*, World Bank Policy Research Working Paper 6008, World Bank, Europe and Central Asia region

¹⁸ Reva, A., 2012, *Gender inequality in the labour market in Serbia*, World Bank Policy Research Working Paper 6008, World Bank, Europe and Central Asia region

concern. Continuous efforts are still needed to sustain these improvements and to provide more effective and efficient services to employers and employees.

Promotion of safe and healthy workplaces is a global agenda and Serbia is not an exception. In the past decade, there has been a decreasing trend of occupational diseases, but the number of work accidents has remained at almost the same level. The total number of recorded occupational accidents in 2011 was around 16,000, of which 958 were serious accidents and 46 were fatal. It should be noted that these are only reported cases thus they probably account for only a fraction of actual cases.

The most important component of the occupational safety and health system that is currently being reviewed by the institutions of the Republic of Serbia and their social partners is the employment injury benefits system. To harmonize Serbia's overall OSH legislation with the EU Acquis Communautaire, the ILO has been assisting its Serbian constituents in developing the most suitable policy option for insurance against occupational injuries and diseases.

Another important item that makes all analysis of the system and all new policy making complicated is the lack of a unified registry of occupational injuries and diseases, which is due to be addressed by the OSH institutions of the Republic of Serbia in the near future.

For the full application of the OSH legislation, the Ministry of Labour, Employment and Social Policy is expected to develop a new OSH Strategy for 2013-2017, that would build upon the strategic objectives set forth and implemented in the 2008-2012 period.

Social Dialogue

In the area of Social Dialogue Serbia has ratified the ILO Conventions No 87 on Freedom of Association, No 98 on Collective Bargaining and No 144 on Tripartite Consultations (International Labour Standards). The ILO Convention No 154 on Collective Bargaining has not been ratified, but the Ministry of Labour, Employment and Social Policy of the Republic of Serbia expressed interest and readiness to ratify C154 in the next couple of years. The speed of ratification of the ILO conventions in general has improved in the past few years, but the emphasis should be put onto the timely transposition of conventions into domestic legislation and on the implementation of that legislation which often tends to lag behind.

In the last years Serbia has made visible progress in the reinforcement of its Social-Economic Council (SEC), which used to be one of the key backdrops in the field of social dialogue. For the first time ever the SEC has got permanent and free of charge premises for its Secretariat, with very motivated staff and four permanent tripartite working bodies (for labour legislation, for economic issues, for collective bargaining and peaceful settlement of labour disputes, and for occupational safety and health). Over the course of former DWCP implementation the permanent tripartite working body for labour legislation has benefited from the ILO technical capacity building assistance.

Due to austerity measures introduced by the Government the Secretariat could not be fully staffed. Nevertheless, it has managed to convene regular and relatively frequent meetings of the SEC (6-7 meetings per annum) with participation of all six ministries represented in the SEC, including sometimes the participation of the Prime Minister of Serbia as the chairman of the SEC. In addition to that the SEC members have managed to agree upon a social pact in the midst of the economic crises, as well as to agree on the increase of the minimum wage

The key impediment to the more successful functioning of the SEC remains the relatively small political significance of the SEC from the point of view of the Government of Serbia, whose main indicator is the fact that not all of draft laws relevant for the area of labour, employment and social protection are even considered by the members of the SEC. Almost all of the ministries (with exception of the Ministry of Labour, Employment and Social Policy) still submit their draft laws directly to the Government of Serbia, thus leaving no capacity whatsoever to the tripartite social partners represented in the SEC to play any role at the national policy-setting level.

In conjunction with the need to ensure the SEC at national level operates effectively, there is also a need to support regional / local tripartite dialogue through the establishment of SECs at the local level. The level of interest of the local policy makers for the establishment and functioning of SECs at the local level varies a lot, which makes an input from local representatives of employers and workers even more important in order to enable regional and district authorities to develop and implement specific measures to assist the economic and social growth of their areas.

Effective collective bargaining in Serbia has been limited in recent years. Moreover, the effects of at times bad relations among the social partners stemming from difficult collective bargaining have spilled over and affected the functioning of the SEC more than once. The lack of implementation of the General Collective Agreement (GCA) signed in 2008 and rather late and cumbersome conclusion of some branch-level collective agreements in 2010/2011 have contributed to complicated relations among the social partners and proved that the labour law still does not provide sufficient flexibility to allow much scope for meaningful collective bargaining.

The labour law in Serbia has been adopted in 2005 and the economic and social dynamics in the meantime is calling for a number of changes in the near future. Above all the criteria and process of determination of representativity of social partner organizations, along with the difficulties in collective bargaining, need to be addressed by the new labour law, with more transparency and accountability of all participating parties and institutional consistency that would leave no room for misinterpretation of established criteria and process of representativity determination and verification.

In its attempt to promote industrial peace and decrease the number of collective and individual labour disputes at the work place the Government established an Agency for the Peaceful Settlement of Labour Disputes in 2005 (hereafter “the Agency”) and extended its competencies by amendments to the legislation in 2009. The Agency also doubled the number of its mediators and arbiters in 2009 and the ILO helped build its capacities and promote its work throughout Serbia. In 2010/2011 the Agency has been used as the best example for the other countries in the region, it has increased the number of cases of peaceful settlement of labour disputes and since 2010 it has been dealing with labour disputes that result from the cases of mobbing at workplaces. However, the new Law on Strike that would introduce mandatory resort to peaceful settlement of labour disputes is yet to be adopted by the Government of Serbia, although its draft has been harmonized with the ILO conventions and standards in 2011.

International Labour Standards

The Republic of Serbia has ratified all the fundamental and priority ILO Conventions.¹⁹ The list of ratified international labour standards has been extended by the ratification of all the international labour standards adopted between 1992 to 2000 at the end of 2000. In the recent past, Serbia has made progress in fulfilling its obligations related to reporting on ratified international labour standards to the ILO supervisory bodies and submission to the national authorities of newly adopted standards.

In that sense, Serbia has expressed intention to ratify the C171 - Night Work Convention, 1990 (No. 171), in the immediate future. It can also be expected with the great degree of certainty that Serbia will ratify C154 on Collective Bargaining, and C184 on Safety and Health in Agriculture.

1.2. National development framework and strategies

The Decent Work Country Programme 2013-2017 will advance ILO's assistance to the country in implementing its good governance, sustainable development and social inclusion agendas, along with the assistance offered by other international organisations. It reflects the Constituents' priorities taking into account the policy goals of the National Sustainable Development Strategy (NSDS) of Serbia, which is a comprehensive framework for addressing the main areas of economic and social development of Serbia. The NSDS outlines the following key national priorities: i) membership with the European Union,²⁰ ii) development of competitive market economy and balanced economic growth, iii) development of human resources, increased employment and social inclusion, iv) development of infrastructure and balanced regional development and v) protection and improvement of environment and the rational use of natural resources. It complements the priorities set out by: i) the National Strategy for Economic Development (2006-2012) geared to increase the competitiveness of the Serbian economy and to align economic development with social equity objectives and ii) the National Employment Strategy (2011-2020) that aims to achieve full employment, improve quality and productivity of labour and strength social and territorial cohesion.

The Draft is also informed by the international development agendas: the Millennium Development Goals (MDGs) and the United Nations Country Partnership Strategy 2011-2015 (UNCPS), where the latter articulates the major challenges for The Republic of Serbia, out of which the outcomes related to Good Governance, Sustainable Development and Social Inclusion are reflected in the country programme. As the member of the UN Family in the Republic of Serbia, the ILO cooperates with other UN Agencies and contributes to the implementation of the development agenda of the Republic of Serbia.

II. Lessons learned from previous cooperation

The first DWCP for the Republic of Serbia 2008-2012 DWCP was finalised at the end of 2008 based on extensive consultation with the Constituents. It was signed by the Minister of Labour and Social Policy and the Minister of Economy and Regional Development on 4th December 2008 and extended to 2012 upon the request of the Minister of Labour and Social Policy of Serbia, Mr. Rasim Ljajic, at the meeting with the ILO DWT/CO Budapest on 8th April

¹⁹ Fundamental conventions: C29, C87, C98, C100, C105, C111, C138, C182; Priority conventions: C81, C122, C129, C144.

²⁰ In March 2012, the Republic of Serbia has become the Candidate Country for full membership in the European Union

2011 in Budapest. It was informed by the Common Country Assessment and UNDAF 2005-2009 and UNCPS 2011-2015.

The first priority noted for the promotion of decent work was the strengthening of the capacity of government institutions and the social partners to improve the governance of the labour market. Without strengthened social dialogue and empowered social partners which can influence labour, employment and social policies and legislation, as well as the process of collective bargaining, peaceful resolution of labour disputes and management of Social Security Funds, there is no decent work.

With regards to the social partners' involvement in the DWCP process, it is necessary to resolve as soon as possible the issue of representativity of social partners on the national level, in order to have a meaningful and functioning social dialogue and collective bargaining.

Also, in order to strengthen national 'ownership' of the DWCP process, it is necessary to establish a DWCP Board consisting of members/deputy members, who would also play the role of focal points in their respective institutions/organisations. By doing so, the Constituents' DWCP institutional memory and a proper flow of the DWCP-related information, as well as the DWCP adjustments, if necessary, to the changing circumstances, would be provided for. Moreover, it would also facilitate a better stock of the achieved results, as well as of the challenges faced in the areas related to the decent work agenda, not necessarily being part of the DWCP, so as to be properly reflected in the DWCP and guide the Constituents in the design of the next DWCP generation.

With regards to the ILO assistance, it is noteworthy that the constituents have unanimously praised its help and also highly value the technical support received.

The main lessons learnt during ILO's assistance to Serbia can be summarized as follows:

- The formulation and implementation of an active policy on employment is of the essence to address the employment challenge in Serbia. It is equally important that employment policy objectives be part of national development frameworks.
- Policies aimed at improving employment prospects of youth should have a wider scope, while programmes need to be targeted to those who are more disadvantaged in the labour market, especially youth with low educational and training levels and young people living in rural areas.
- The social partners play a key role in defining aims and priorities of employment policy by participating in the preparation of annual action plans for employment at national and local level.
- ILO's tripartite constituents have recognized that a well-informed and participatory policy dialogue is important in ensuring a good governance of social security scheme and lays the foundations for democratic process in the policy making.
- Both the trade unions and Serbian Employers' Association have underlined the need for direct support and capacity building of the SEC to enable the latter to play its role of an effective forum for tripartite deliberations on the country's most pressing challenges such as youth employment promotion, poverty alleviation and addressing the problem of undeclared work.

- The social partners called for continued support on collective bargaining in Serbia, as it has been difficult and burdened with complicated relations among the social partners in the recent years.

III. Priority areas of cooperation

The priority areas of cooperation and the country programme outcomes have been developed in conjunction with the constituents. The process started with individual consultations and evaluation of the past DWCP. Following these discussions and based on inputs received DWT/CO Budapest developed a draft narrative text of the programme that was further discussed at a tripartite roundtable discussion in October 2012. In addition, constituents provided written comments and observations in September-November 2012. The current programme is a result of the above consultation process.

Considering the lessons learned from past cooperation, the ILO will target reinforcing of Constituents' capacities and broadening the influence of the ILO Decent Work policy in line with the Millennium Development Goals for the Republic of Serbia, UN Country Partnership Strategy and the Government action programmes. The strategy will be to work with the close involvement of the Constituents and multilateral and bilateral donors.

Within the overarching theme of "Decent Work for All" the ILO will concentrate on three country programme priorities in the Republic of Serbia in this period 2013-2017, which should be seen as long-term goals. These are:

- I. Strengthening capacity of government institutions and the social partners to improve the functioning of the labour market
- II. Increasing employment opportunities
- III. Strengthening social protection systems

As a technical and standard-setting agency of the United Nations, the ILO can provide high quality technical assistance related to the four strategic objectives of the Decent Work Agenda. More specifically, the ILO's Secretariat has a long-standing experience and technical expertise in the areas of labour standards, employment promotion, social protection and social dialogue. Gender equality is fundamental in achieving the decent work agenda and efforts are made to mainstream gender equality concerns substantively in all areas of the ILO Strategic Objectives.

Priority 1. Strengthening capacity of government institutions and the social partners to improve the functioning of the labour market

Outcome 1.1: Legal and institutional environment created enabling the full realization of social dialogue and the necessary conditions for decent and productive workplaces

In order to strengthen tripartite social dialogue at the state level the issue of registration of employers' organisations and trade unions and the issue of representativeness criteria of the state level social partners need to be addressed. The ILO will provide comparative experiences for the registration of trade unions and employers' organisations. The ILO will also provide technical assistance related to Labour Code revision, including the establishment of objective, pre-determined representativeness criteria within the change of the Labour Code of Serbia. In order to extend coverage of collective bargaining in the

private sector, various European experiences will be shared to improve understanding of tripartite constituents on this issue as well gaining improved awareness of their role in relation to collective bargaining.

In addition, technical support will be maintained in the area of peaceful settlement of labour disputes related to the new Law on Strike.

Outcome Indicators:

- New regulation/amendments on representativity and its certification in place based on ILO recommendations
- Labour Code revision includes ILO recommendations.
- Increased number of collective labour disputes handled by the Agency for peaceful settlement of labour disputes

Outcome 1.2: Increased institutional capacity of employers' and workers' organisations

Capacity building of employers' organisations will focus on supporting them to engage more effectively in economic and social forums at all levels to ensure that an appropriate legislative environment exists for viable and sustainable enterprises. A key focus of its capacity building strategy under the next DWCP will be on efforts to strengthen the ability of the organisation to respond to its members' needs in a variety of fields, including EU integration and transposition of EU directives into domestic law, good governance, strategic planning, organisational management, research and analysis, policy advocacy and lobbying. In addition, the ILO will also provide support to SAE in expanding its membership base and enhancing its ability to articulate employer concerns in media and policy settings.

Technical assistance and capacity building of trade unions will continue to focus on collective bargaining at all levels, including at company level, and strengthening gender equality in collective bargaining.²¹ The ILO will help the social partners to better articulate provisions of collective agreements and thus, improve implementation of the law.

Outcome Indicators:

- Number of new or improved products, service and policy position papers developed and produced by SAE
- New Governance Charter adopted by SAE
- TUs use an updated model Collective Agreement at company and sectoral level.
- Number of new or improved services and policy position papers developed and launched by TUs

Outcome 1.3: Implementation of International labour standards is improved.

The ILO will continue to provide assistance in order to build expertise and understanding of the necessary actions to implement ratified labour conventions, as well as labour conventions which ratification is planned. Assistance will be provided to tripartite constituents to ensure full compliance with the observations of the CEACR regarding the application of ratified conventions by Serbia and C.150, C.181 and C.183

The ILO will continue supporting the process of finalising the draft Law on Strike.

²¹ Taking into consideration 2009 ILC Conclusions on Gender Equality

Technical assistance will include promotion of the ratification of Collective Bargaining Convention Nos.151 and 154 by the Republic of Serbia. The overall aim is to assist the social partners to effectively realize the right to collective bargaining in both the private and the public sectors through implementation of coordinated collective bargaining structures and mechanisms. Participatory governance will add legitimacy to the decision-making process. Collective bargaining can contribute to the promotion of peaceful industrial relations and economic development in the Republic of Serbia.

Assistance will include providing further technical advice on the ratification of C.171 and sharing European practices related to night work with emphasis on vulnerable employees.

Outcome Indicators:

- The ILO Committee of Experts on the Application of Conventions and Recommendations notes with satisfaction or interest progress in the application of relevant conventions (C.150, C.181 and C.183, and the following ones C.151 and C.154 – provided that they are ratified)
- A new Law on Strike is adopted and reflects ILO recommendations.
- Number of Conventions prepared for ratification (Ratification of the Safety and Health in Agriculture Convention (C184) through ILO's technical assistance)

Priority 2: Increasing employment opportunities.

Outcome 2.1 The employment policy is implemented more effectively by the constituents at the national and regional levels

One of the main challenges for the Republic of Serbia in the post-crisis period remains to assign priority to employment creation in national development strategies, make workforce participation pay, accelerate reform of the education and training system to address skills mismatches. In this context, ILO will deliver capacity building for more and better programme targeting for the most disadvantaged groups of the population, in particular young people.

Further, knowledge and skills are key elements of employment strategies in view of their impact in determining the employability and competitiveness of the labour force, and in influencing the investment climate of an economy. The reform of the education and training system needs to be accelerated to remedy the growing skills gap, most of which is now hidden due to the general contraction of employment and investment. The coordination between the public sector and industry should be further enhanced in order to implement such reforms. Constraints to both the supply and demand side of skills need to be identified and addressed. There is a mismatch between the skills provided to workers by the education and training system and those demanded by enterprises. A review of the available skills, the needs of enterprises and the operation of the education and training system would help identify such disparities and indicate policy options to address them. In the short term, the expansion of subsidized skill development programmes would improve employment prospects for workers with low or inadequate skill levels and address the erosion of competencies resulting from long unemployment spells. In this context, capacity building will be delivered for the design of modern vocational programmes, more responsive to labour market needs.

The process of decentralization of employment policy requires the strengthening of local self-government institutions, which ought to have capacities to design and implement active labour market policies and other measures, taking into account the characteristics of the local labour market. In this context, additional technical assistance and support to the process of preparation of local action plans for employment are necessary, with fostering partnership at the local level.

At the same time, activities will be directed at the enhancement of joint activities of several municipalities at the regional level, with an objective to form joint employment councils and draft employment action plans for multiple municipalities, especially when it comes to small local municipalities, which do not dispose with sufficiently developed capacities but have similar labour market characteristics.

The ILO will support the continuation of the work on local self-government capacity building and activation of local employment councils which had begun in 2010.

Particular attention will be paid to improving the delivery of existing employment programmes to female jobseekers and workers by assessing the level of outreach to female beneficiaries and identifying measures to improve the “take up rate” by female beneficiaries, for example through gender sensitive information dissemination on existing employment/ skills programmes.

Outcome Indicators:

- Strategies developed by local self-governments and the social partners for identification of local labour market needs and addressing employment market issues at the local level
- Local economic development plans are aligned to the national employment and skills policy objectives in selected municipalities.
- Strategy developed for improved outreach of employment programmes for women

Outcome 2.2 Active labour market programmes targeting youth are developed and implemented in collaboration with the social partners

The jobs crisis has hit young people harder than other age groups. This is being felt mainly in terms of unemployment and longer job search periods. The human and social costs of youth unemployment are far-reaching. These longer run impacts include loss of lifetime earnings and human capital, worker discouragement, adverse health outcome and loss of social cohesion. There is increasing empirical evidence that long spells of unemployment early in the working life are associated with an average 20 per cent loss of earnings for 15-20 years after the unemployment episode. For young workers, entering the labour market in a recession lowers earnings, raises career instability, affects individuals' beliefs and family formation. As young people are a heterogeneous group and face different types of labour market disadvantages, an early identification of individual risk factors for young women and men and of the determinants of labour market disadvantage is of crucial importance to provide appropriate and effective employment assistance. Multi-component interventions that combine remedial education and training with work-experience programmes and job-search assistance, as well as incentives for employers to hire young workers, have demonstrated to be more cost-effective than single measures. In this context, the ILO will provide further support to scale up the initiatives at national level and more work done on leveraging additional resources.

Outcome indicators:

- Ongoing youth employment initiatives improved with ILO's technical assistance
- Capacity strengthened of the National Employment Services to leverage additional resources for youth employment programming

Outcome 2.3 An enabling environment is created for the development of productive and sustainable enterprises providing good working conditions

Productive and sustainable enterprises are a principal source of growth, wealth creation, employment and decent work. The promotion of sustainable enterprises is, therefore, a major tool for achieving decent work, sustainable development and innovation that improves standards of living and social conditions over time. Regardless of their size and ownership nature, sustainable enterprises are the result of combined efforts of business, government and workers, as well as commitment to social dialogue, social inclusion and compliance with international labour standards.

In terms of enabling environment, particular attention needs to be paid to entrepreneurship and SMEs as they play a key role in Serbian economy. With the right supportive environment SMEs can grow, raise productivity and improve working conditions. In the recent years the Government and its agencies have provided greater support to SMEs and entrepreneurs. By utilizing the existing ILO tools, ILO will assist constituents to review, enhance and develop SME and entrepreneurship strategy with particular focus on women entrepreneurship and policies conducive for business growth based on evidence and full tripartite engagement. Tripartite approach, also involving other relevant Ministries, will not only ensure better outcomes but it would also harvest the full potential of tripartism in the Republic of Serbia.

Green jobs present another area of opportunity for sustainable, inclusive growth and job creation. Green jobs is defined as employment in agricultural, manufacturing, research and development, administrative, and service activities that contribute substantially to preserving or restoring environmental and quality and scarce resources, whilst providing decent work. Increasingly, countries are developing policies and implementing strategies to reduce emissions, develop more efficient energy scenarios and improve waste management. ILO will work with constituents to assess and raise awareness on the employment potential of new green jobs and the scope for greening enterprises and jobs in those. It will offer relevant good practices and lessons learned from successful green jobs initiatives from other countries.

Creation of an enabling environment represents a necessary precondition for more and better (foreign direct) investments, which is one of the key priorities of Serbia, whereas the promotion of Green Jobs builds upon the objectives of the National Sustainable Development Strategy of Serbia – the creation of a socially balanced knowledge-based economy which preserves natural resources.

Outcome indicators

- Strategy for development of competitive and innovative small and medium-sized enterprises and entrepreneurship reviewed and enhanced with full participation of constituents with full inclusion of ILO constituents and through applying ILO toolkit on Enabling Environment for Sustainable Enterprise

- Strategy for promoting Green Jobs at enterprise and sector level formulated with full participation of constituents to feed into national employment and sustainable development strategies

Priority 3: Strengthening social protection systems.

Outcome 3.1: Strengthened sustainability and effectiveness of social security systems

Based on the problem analysis of the existing employment injury protection system, Serbia will develop effective measures for its improvement. The ILO will provide further technical assistance for policy development and the drafting of new legislation on employment injury protection. The ILO will also support tripartite social dialogue on reforming social security systems, notably the pension system, through the analysis of recent pension reform experiences in new EU member states and the promotion of the Social Protection Floors Recommendation, 2012 (No. 202).

Outcome Indicators:

- A new employment injury system will be developed with ILO's technical assistance on the actuarial study, the analysis of the collection of data on work accidents and the organisational arrangements.
- Steps taken by tripartite stakeholders to create national consensus on the need to reform social security and to build the social protection floor as means to protect adequate social protection benefits for all.

Outcome 3.2: Improved and more equitable working conditions and safety and health conditions at work:

The ILO will provide technical assistance to its tripartite partners to enhance their capacity to design part time employment policies that are in line with ILO Standards. Technical assistance will also be provided on conducting research and dissemination of information on the degree to which part-time work responds to the economic and social aims of employers and workers, as well as related to other working conditions and applying of ILO standards, particularly in relation to maternity protection and working conditions of employees who work at night.

ILO will assist its tripartite partners for an effective implementation of the national OSH strategy covering the period of this DWCP. In addition, the ILO will provide necessary assistance for the ratification and application of the Safety and Health in Agriculture Convention (C184). For an effective prevention of work accidents, the ILO will enhance capacity of workers and employers for a proper conduct of risk assessment at the enterprise level.

Outcome Indicators:

- Amendments to the Labour Code reflect the relevant EU Directives and International Labour Standards on part time work and working time based on consensus among constituents.
- Improved collection of data on work accidents and occupational diseases
- Labour Law ensures maternity protection in accordance with the ILO Maternity Protection Convention No. 183, ratified by the republic of Serbia

Outcome 3.3: Strengthen the effectiveness of the Labour Inspection system to better promote decent working conditions through information, advice and law enforcement.

The ILO will help to build the capacity of labour inspectorate, by providing technical assistance to enable the Labour Inspection of Serbia to better inform the public and to more effectively supervise working conditions, particularly regarding occupational health and safety, undeclared work. Technical assistance will be provided for establishing a list of most hazardous occupations, especially for the youth. Technical assistance will be provided for developing gender sensitive policy guidelines, training for labour inspectors facilitating tools and best practice sharing, through networking with organizations from the EU and in the other countries of the region. The ILO will advocate for the creation of a tripartite body to examine the problems of, and promote measures to fight, undeclared work²².

ILO will assist its constituents by providing guidelines and implementation of activities aiming at prevention of undeclared labour and at the decreasing of undeclared work. Assistance will be provided through research and analysis on the issues of undeclared work, the strategy to extend social security coverage to the workers engaged in undeclared work, instruments of protection and measures for prevention of this kind of working engagement, as well as for promotion of such measures.

The ILO will also assist the Labour Inspection by providing training on new regulations in the area of occupational safety and health, in line with the EU directives, as well as through comprehensive revision of policy guidelines in the area of occupational safety and health.

Outcome Indicators:

- Labour inspection policy guidelines for undeclared work are revised, in consultation with the social partners and then implemented.
- Labour inspection policy guidelines for occupational safety and health are revised, in consultation with the social partners and then implemented
- Labour inspection adopts gender sensitive guidelines particularly to address indirect discrimination

IV. Management and implementation

The Decent Work Country Programme will be managed through a network consisting of DWT/CO Budapest, the National Coordinator in Belgrade, the Regional Office for Europe and technical units at headquarters in Geneva and through establishment of the DWCP Overview Board. The National Coordinator will play a coordination role together with DWT/CO Budapest. The ILO will continue its cooperation with major stakeholders in the country such as the UN under the framework of the UNCPS, the World Bank and the EC Delegation.

The objectives of the programme will be pursued through technical cooperation projects, advisory missions, and seminars for information dissemination and capacity building. Extra-budgetary resources and the ILO's regular budget resources will be used to finance the implementation of this Country Programme. The ILO network mentioned will continue to

²² "The total number of informal jobs, whether carried out in sector enterprises, informal sector enterprises or household during a given reference period" as published in the 17th ICLS in 2003

mobilize further resources for the follow-up to the results achieved, bearing in mind priority concerns of the constituents. The government and the social partners will provide their respective expert staff and premises and provide logistic support, as appropriate. They are committed to implementing the follow-up steps necessary to achieve the expected results in accordance with the DWCP work plan which will be developed.

V. Performance monitoring and evaluation arrangements

The implementation of the Decent Work Country Programme will be reviewed on a regular basis with the constituents using interactive methods. The missions of the ILO experts and their internal reports will be used as part of the monitoring process. Every six months, the Decent Work Country Programme implementation will be reviewed by the DWCP Overview Board consisting of the representatives of the Constituents and the National Coordinator. The DWT/CO Director will assess the programme achievements with the constituents in the Republic of Serbia at least once over the duration of the programme. On a yearly basis, the Decent Work Country Programme implementation plan will be internally reviewed and adjustments will be made to reflect changed circumstances, as necessary, in order to improve the implementation strategy. The revised implementation plan will be validated by the DWCP Overview Board.



**GOVERNMENT OF THE
REPUBLIC OF SERBIA**

INTERNATIONAL LABOUR ORGANIZATION

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
MINISTRY OF LABOUR, EMPLOYMENT AND SOCIAL POLICY,
THE SOCIAL PARTNERS OF SERBIA
AND
THE INTERNATIONAL LABOUR ORGANIZATION
ON THE DECENT WORK COUNTRY PROGRAMME FOR 2013-2017**

Whereas the Government of the Republic of Serbia, represented by the Ministry of Labour, Employment and Social Policy, the social partners of Serbia, and the International Labour Organization (ILO), represented by the International Labour Office (referred collectively as the Parties), wish to collaborate in order to promote and advance decent work in Serbia.

Whereas the Parties have agreed and formulated the priorities of cooperation for 2013-2017 in the course of consultations between the Ministry of Labour, Employment and Social Policy, the Social Partners and the ILO Decent Work Technical Support Team and Country Office for Central and Eastern Europe. The results and lessons learnt from implementation of the previous Decent Work Country Programme for 2008-2012 and its assessment made by tripartite constituents and ILO technical experts has been duly taken into account.

Whereas the new Decent Work Country Programme (DWCP) for 2013-2017 is in line with the key priorities of the United Nations Development Assistance Framework (UNDAF) for 2011-2015 and will contribute towards achievement of its goals. The new DWCP will also make an important contribution to the implementation of the Stabilization and Association Agreement with the European Union and national development objectives.

Whereas Serbia is party to the 1947 Convention on Privileges and Immunities of Specialized Agencies and its Annex I relating to the ILO as of 13 April 1966.

Now therefore, the Parties hereby agree as follows:

1. The Parties affirm their commitment to collaborate in the implementation of the DWCP. The following are agreed as priorities of the DWCP:

- I. Strengthening capacity of government institutions and the social partners to improve the functioning of the labour market
- II. Increasing employment opportunities
- III. Strengthening social protection systems

2. The ILO agrees to assist in the mobilization of resources and to provide technical cooperation in the implementation of the DWCP, subject to its rules, regulations, directives and procedures, the availability of funds and conditions to be agreed upon in writing.
3. The proposed outcomes for 2013-2017 are achievable in the five year period.
4. The ILO, the Ministry of Labour, Employment and Social Policy and the Social Partners will review the programme implementation periodically through the DWCP Overview Board, in order to assess progress made, while maintaining the necessary flexibility to adapt to emerging changes in the national context.
5. This Memorandum of Understanding (MoU) may be modified by agreement between the Parties and signing an Addendum.
6. Nothing in or relating to this MoU shall be construed as constituting a waiver of the privileges and immunities enjoyed by the ILO.
7. The DWCP document is attached to this MoU. In the event that the terms contained in the DWCP document are incompatible with the terms of this MoU, including the provisions referenced in article 3, then the latter shall govern and prevail.
8. This MoU, superseding all communications on this matter between the Parties, shall enter into force with effect from its signature by the authorized representatives of the Parties and shall expire on 31 December 2017.

This Memorandum is SIGNED by the Parties in Geneva, Switzerland this 19 day of June 2013 in two versions, each in Serbian and English, which are equally authoritative. In case of any disputes on interpretation of provisions of the Memorandum the English version shall govern and prevail.



Zoran Martinović

State Secretary

For Labour and Employment

Ministry of Labour, Employment and Social Policy



Susanne Hoffmann

Regional Director, ILO Regional Office
for Europe and Central Asia



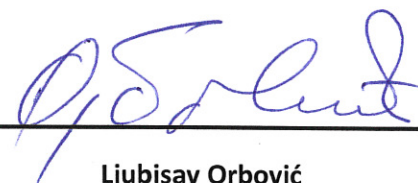
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