



**WORLD BANK GROUP**  
Poverty & Equity

SERBIA

# PROMOTING WOMEN'S ACCESS TO ECONOMIC OPPORTUNITIES

Policy Note

## Key Messages

Prospects for faster, more sustainable economic growth and higher living standards in Serbia rely on increasing employment opportunities for all. By maintaining the current structure of labor participation, Serbia is not capitalizing on its educated young population, as only 48 percent of 15–64-year-old women are actively contributing to the economy through employment.

Closing gender gaps in access to economic opportunities requires removing the existing barriers and disincentives to employment and entrepreneurship for women. Needed steps include: (i) improving access to assets and productive inputs, (ii) providing access to child- and eldercare, (iii) eliminating disincentives and barriers embedded in labor taxation and regulation, and (iv) increasing the employability of women through effective active labor market policies and adequate skills and training. Cross-cutting policies around social norms and discrimination, better access to information, and improved monitoring and evaluation systems are also important.

This Policy Note was produced in 2017 by the World Bank to summarize the relevant policy areas in tackling gender gaps in access to economic opportunities in Serbia. It was prepared by a World Bank team from the Poverty and Equity Global Practice unit that included Paola Buitrago, Maria E. Dávalos, Ana María Muñoz Boudet, and Lourdes Rodríguez.

## Context

**Serbia has made progress in promoting equity between men and women, but gaps remain, particularly in access to economic opportunities.** The rate of labor participation among women has remained mostly unchanged at around 55 percent over the past 15 years, 11 percentage points below the current European Union (EU) average.<sup>1</sup> However, there is a gender gap of 16 percentage points that persists throughout the life cycle (figure 1) and is substantial compared to other Europe and Central Asia (ECA) countries (figure 2). The gender gap in employment is 14 percentage points, with an employment rate of 58 percent for men and only 44 percent for women.

The labor market is also characterized by a high degree of informality at 21.3 percent of workers aged 15–64.<sup>2</sup> Gaps are also observed in entrepreneurship, as only 14.3 percent of firms have a woman as manager and only 13.7 percent include women in ownership.<sup>3</sup>

For those in the labor market, unemployment rates are similar for men and women. However, among the employed, there is a gender wage gap of roughly 17 percent, even after controlling for such characteristics as education and experience and even though the share of women with tertiary education is higher than that of men (31 compared to 20 percent, respectively). Women

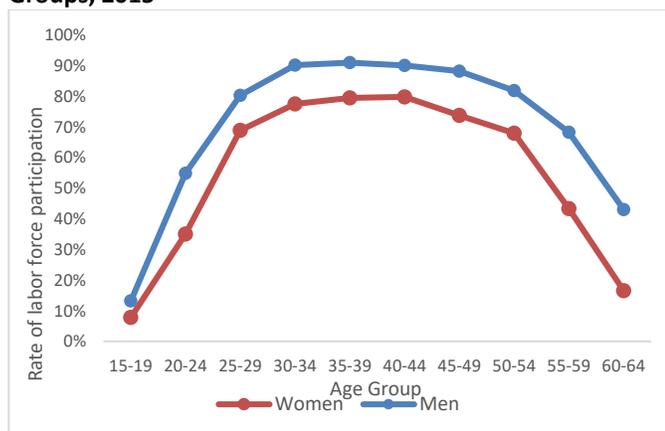
<sup>1</sup> Republic of Serbia (2015); EUROSTAT data.

<sup>2</sup> Republic of Serbia (2015).

<sup>3</sup> European Bank for Reconstruction and Development, Business Environment and Enterprise Performance Survey (BEEPS), 2013.

working in agriculture are especially disadvantaged.<sup>4</sup> Segregation in fields of study— young women tend to concentrate more on certain areas such as health, education, and humanities and arts—also influences their labor market prospects.<sup>5</sup>

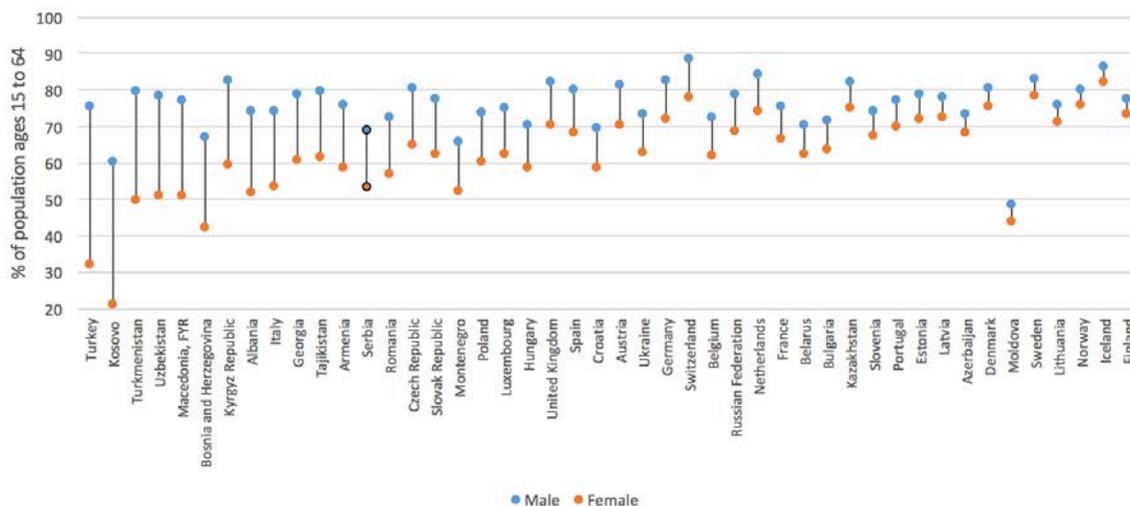
**Figure 1. Labor Force Participation by Gender and Age Groups, 2015**



Source: Authors, using Serbia Labour Force Survey (LFS), 2015.

Among ethnic minorities, gender gaps exist even in outcomes for which the country has, on average, achieved equality, such as education.

**Figure 2. Labor Force Participation Rate (population ages 15–64)**



Sources: World Bank, “World Development Indicators 2015” (World Bank, Washington, DC: 2016); Data for Kosovo from 2014 LFS.

For instance, the 2014 Multiple Indicator Cluster Survey (MICS) shows that 89 percent of adolescents from among the general population attend secondary school, but only 22 percent of young Roma do so, and the number for Roma boys is higher than for Roma girls (28 versus 15 percent).<sup>6</sup> Similarly, unemployment among Roma women is estimated to be almost twice as high as among non-Roma women.<sup>7</sup>

Of particular concern is the high rate of young people aged 15–29 who are not in employment, education, or training (NEET) (24 percent, more than double the EU average). This labor market detachment, more prevalent among women, delays or prevents the accumulation of valuable on-the-job skills. Since these “scarring effects” from unemployment and periods of inactivity often translate into lower productivity and human capital accumulation later in life, women can find their prospects for upward economic mobility substantially impaired, which in turn affects the country’s future economic growth potential. In fact, in Serbia, differences in labor market activity rates between men and women amount to potential

<sup>4</sup> UNECE (2015).

<sup>5</sup> Estimates from Avlijaš et al. (2013) suggest that approximately 35 percent of the gender wage gap in Serbia is explained by occupational segregation.

<sup>6</sup> UNICEF (2014).

<sup>7</sup> UNDP, World Bank, and EC (2011).

economic losses in gross income per capita of roughly 16 percent.<sup>8</sup>

## Addressing the Challenges to Gender Equality

Closing gender gaps in access to economic opportunities requires removing the barriers and disincentives to employment and entrepreneurship that women face. A number of steps are needed to ensure progress in this area, including improved access to assets and inputs, better access to child- and eldercare, fairer labor taxation and regulation policies, and enhanced labor market skills and training.

### Access to Productive Inputs

The lack of access to productive inputs such as land or credit constrains women's economic opportunities, particularly as entrepreneurs.

Recent data reveal that women's participation in property ownership is low in Serbia: 39.2 percent of property owners are women while 60.7 percent are men. Property is usually registered in the name of the husband or another male relative.<sup>9</sup> Although Serbia's civil code protects women's right to property ownership, prevailing discriminatory traditions and social norms undermine this and other basic rights, especially for women in rural areas and among the Roma population. For example, only 18 percent of agricultural holdings are held by women.<sup>10</sup>

Moreover, women often lack information about their rights and the services to use for guidance and information. Even when women do legally own land, it is often regarded as family property and thus not appropriate for women to have the right to administer it.<sup>11</sup>

Women therefore face obstacles not only in using land or other property to develop a business but also in accessing financial markets due to the lack of collateral. Women who own a business report that they mainly take out small loans to finance liquidity and cover minor costs, probably because smaller loans usually do not require mortgage as a form of collateral.<sup>12</sup> This suggests that getting access to property is a significant barrier to their ability to obtain credit. Although the percentage of individuals 15 and older who have an account at a financial institution is relatively high among both men and women (around 80 percent),<sup>13</sup> there are gender disparities in access to finance in that women receive 30–40 percent of loans awarded by the state-run Development Fund and approximately 40 percent of the microcredits.<sup>14</sup>

### Access to Child- and Eldercare

Another fundamental barrier to women's economic participation is the usually competing demand on their time to care for family members. This generates a vicious circle of low labor market attachment and prominence in the care provider role that leads to women's increased economic vulnerability and other gender-based inequalities. Low enrollment rates in preschool education in Serbia reflect limited working time for parents, particularly women. Although the net enrollment rate in kindergarten has been increasing, data from the EU's Statistics on Income and Living Conditions (SILC) 2013 show that only 35 percent of children aged 3–6 attend early childhood education, a rate lower than the ECA regional average. Vulnerable groups such as the Roma population show even lower participation rates.<sup>15</sup>

Three main messages emerge from a recent World Bank assessment of supply of and demand for formal child- and eldercare in Serbia:

1. Childcare: The relatively low utilization of formal childcare services, particularly in rural areas, is driven

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<sup>8</sup> Cuberes and Teignier (2015).

<sup>9</sup> Based on the Organisation for Economic Co-operation and Development (OECD) Social Institutions and Gender Index (SIGI), 2014, <http://www.genderindex.org/country/serbia>.

<sup>10</sup> OECD (2014).

<sup>11</sup> OECD SIGI Index.

<sup>12</sup> Arandjelovic (2013).

<sup>13</sup> World Bank, "The Global Findex Database," 2014.

<sup>14</sup> OECD SIGI Index.

<sup>15</sup> World Bank (2015).

by the **limited availability of affordable services**. Evidence shows that there is an unfulfilled demand for formal childcare services predominantly from parents who see a benefit for their child's development and from mothers who are already working or who are willing to work outside the home.

2. **Eldercare**: The supply of eldercare is characterized by a **lack of day-based services and the limited number and expense of residential care centers**. Social norms are a strong deterrent to the use of residential eldercare, suggesting that the use of daycare centers and home-based formats would be more compatible with prevailing standards.

3. **Quality is important to potential users of formal care services**. The biggest challenge for both child- and eldercare service provision appears to be in the area of human resources, for example, finding trained and qualified staff.

The rising demand for care services and relatively progressive views about their use in Serbia provide an opportunity for the development of a formal care industry that could increase labor force participation and productivity. In addition, a World Bank study slated for 2018 will examine the effect of communication campaigns on Serbian fathers' engagement in child development in order to gain insight into the relationship between behavioral communication and messaging.

## Labor Taxation and Regulations

Labor taxation policies and regulations also affect women's incentives to work and employers' incentives to hire them.<sup>16</sup>

The structure of labor taxation, in combination with the design of social benefits, can lead to disincentives to work. In Serbia, the "reference" wage that determines the minimum social contribution is not adjusted for hours worked, which means that social contributions are disproportionately high for part-time workers.<sup>17</sup> As

women are more likely to be overrepresented in this group, the outcome could be disincentives among women to work or among employers to hire them.

Moreover, certain regulations disproportionately affect women's employment, including in such areas as flexible work arrangements and family leave provisions. In Serbia, only about 10.5 percent of workers are employed part-time, which is significantly lower than the EU average of 20 percent.

The design of family leave provisions, especially maternity leave, could also increase employers' disincentives to hire women. There is no international standard for the design of family leave policies, with different approaches based on length, portion paid and unpaid, level of wage replacement, and source of funding. Initial exploration of the issue reveals that the length of paid maternity leave in Serbia—the main paid leave available for parents—is higher (135 calendar days) than the global average and in the middle of the distribution among countries in the region with similar income levels. When adjusting the length of maternity leave by wage replacement (at a 100 percent in Serbia), it remains one of the highest in the region,<sup>18</sup> with the government fully bearing the direct cost. Employers likely bear indirect costs, however, including the time and finances invested to hire and train staff to replace women on maternity leave. Despite the existing legislation, fathers are still not equal in their right to take parental leave due to entrenched gender stereotypes about traditional roles for women and men.

Finally, it is important to ensure that the labor law firmly reduces the potential for discrimination. For instance, the law in Serbia does not explicitly mandate equal remuneration for work of equal value as is the case in other countries in the region.<sup>19</sup>

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<sup>16</sup> Arias et al. (2014).

<sup>17</sup> Ibid.

<sup>18</sup> World Bank, "Women, Business and the Law" (database), 2016, <http://wbl.worldbank.org>.

<sup>19</sup> Ibid.

## Policy Options to Promote Women's Access to Economic Opportunities

Policy options to tackle the inequalities outlined above include: (i) improving access to assets and productive inputs, (ii) providing access to child- and eldercare, (iii) removing disincentives and barriers embedded in labor taxation policies and regulations, and (iv) increasing the employability of women through effective active labor market policies and adequate skills and training.

*Institutions to promote gender equality.* The Government of the Republic of Serbia formed the Coordination Body for Gender Equality in 2014 with a mission to manage efforts to achieve greater gender equality. A new draft Law on Gender Equality is being prepared and is expected to be enacted soon. Other recent accomplishments include the implementation of the *Strategy for Gender Equality 2016–2020*, with its accompanying *Action Plan 2016–2018*, as well as the development of the *Guidance for Social Impact Assessment*, which will provide evidence for decision makers on the strengths and weaknesses of possible policy options based on their potential social impact, including on gender equality and among vulnerable groups.

Beyond setting up the institutional framework, there are several policy areas outlined below that are relevant to strengthening efforts to achieve women's equal access to economic opportunities. These do represent a comprehensive list but instead point to several areas in which it would be useful to focus.

*Access to productive inputs.* Although the implementation of tax incentives for couples to register both names as property owners is a step forward, the existing legal framework for equal access to land and property could be further improved. A recent legal assessment<sup>20</sup> of the current framework provides a detailed review and puts forward recommendations on ways to close the gender gaps in access to land. For instance, the Family Law should be amended to require written consent prior to any legal action that involves the disposal of or any burden on matrimonial property.

The same study recommends the introduction of mandatory training on gender equality, land rights, and the gender implications of land administration for the staff in charge of implementing the Law on State Survey and Cadaster; the establishment of automatic joint registration; and the introduction of measures to make registration services more accessible to rural and remote populations.

Addressing the current gender gaps in access to property will improve women's access to finance and entrepreneurship, as they often lack the collateral to obtain credit. Although existing opportunities could be expanded, additional policies to promote women's access to credit should also be explored.

*Access to formal child- and eldercare.* International evidence shows that the availability of affordable childcare is positively correlated to both female labor force participation and fertility.<sup>21</sup> At the same time, robust evidence in both developing and developed countries demonstrates that investing in early childhood education has a significant impact on children's development and their long-term labor and income outcomes. Affordable childcare lessens women's home-care burden and also increases the opportunity cost of leaving the labor force.

Serbia is already implementing an expansion of publicly provided childcare centers. Other policy options include implementing public subsidies for private childcare provision and use; creating education and accreditation programs to prepare caregivers and care-entrepreneurs; developing a system and plan to increase the quality of services with attention to costs, particularly the provision of quality eldercare; and revising the legal framework to be adaptable to the demands and expectations of care. The fiscal implications of the various approaches to promoting access to child- and eldercare also need to be considered.

*Labor taxation and regulations.* It is key to ensure that labor taxation laws and regulations do not explicitly or implicitly penalize women's access to jobs and that current provisions are fully implemented. The low share

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<sup>20</sup> GIZ and FAO (2016).

<sup>21</sup> World Bank (2016c).

of part-time workers among both women and men in Serbia (4.8 and 3.1 percent, respectively) in total employment seems to be partly linked to regulations that create heavy burdens on part-time work, such as the tax wedge and the level of the mandatory minimum social security contribution.<sup>22</sup>

Areas to focus on include (i) further facilitating flexible work arrangements, such as part-time work, that allow both women and men to combine work with family responsibilities; (ii) ensuring that gender equality monitoring mechanisms are in place to enforce legal protections and avoid discrimination at work on the grounds of sex, gender, pregnancy, family, and marital status, for example, by supporting the necessary human resources of the Labour Inspectorate; and (iii) exploring options for revenue-neutral and targeted reductions in labor taxation, especially for low-wage and part-time earners, groups in which women are overrepresented, to increase the advantages for women in holding a formal job. Finally, increasing the length of paternity leave or giving additional incentives to fathers can help more evenly balance childcare responsibilities between men and women and contribute to leveling the playing field in the labor market.

*Active labor market policies and adequate skills and training.* Efforts to enhance the effectiveness of the National Employment Strategy (NES) labor intermediation services for employers and the unemployed could include training on discrimination and improvements in internal procedures to enhance services for Roma, especially Roma women. Finding a good job or succeeding as an entrepreneur will be possible only if women have the skills that can complement job creation in the economy. Beyond overall policies to improve the relevance and quality of education and training programs, relevant options for expanding women's opportunities in this area include vocational training, apprenticeship programs in growing areas of the economy, and more training in non-traditional sectors. Data from the World Bank's STEP Employer survey<sup>23</sup> implemented in Serbia are being analyzed to assess whether employers find gaps

between women and men in technical and socio-emotional skills (e.g., learning computer skills, adapting to new tasks, working in difficult situations, providing reliability) and to shed light on other gender-related considerations when hiring.<sup>24</sup> Gender differences in employers' views would likely make it more difficult for women to find a (good) job or build on-the-job skills with the same success as their male counterparts.

#### *Cross-cutting policies areas*

*Social norms and discrimination.* Policies are needed to rebalance household and family responsibilities between men and women and to remove barriers for women stemming from prevailing social norms that limit their opportunities, even in cases where the legal framework is in place, as it is in Serbia. Many discussions with government and nongovernment stakeholders persistently point to the significant challenges in implementing existing legislation, with social norms as an underlying driver.

Therefore, it is key to:

(i) Promote policies that foster co-responsibility between men and women, including promoting and monitoring the use of paternity benefits. Policy efforts to increase the availability of child- and eldercare will also help.

(ii) Provide public policy incentives that promote women's access to economic opportunities. This may include offering incentives to hire and train women in non-traditional sectors; increasing employers awareness when hiring through, for example, gender certification programs or behavioral interventions to address employers' gender biases in the hiring process; and providing information, training, and incentives for public servants and service providers working in relevant institutions (e.g., in cadaster offices with regard to women's property rights).

(iii) Influence aspirations and expectations through, for example: programs based on role models and

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<sup>22</sup> World Bank. "Women's Access to Economic Opportunities in Serbia," Social Inclusion and Poverty Reduction Unit (Washington, DC: World Bank, 2016).

<sup>23</sup> As part of the Skills Towards Employability and Productivity (STEP) Skills Measurement Program.

<sup>24</sup> Cojocar (2017).

mentoring; media interventions (e.g., television and radio campaigns) to expose people to information and role models; and/or the dissemination of information on increased job opportunities for women.

*Access to information.* As part of efforts to increase the employability of the population, it is important to provide information to young men and women that could influence their schooling and school-to-work transition decisions (e.g., information on the labor market and returns to education), which can also be critical in shifting social norms that push women into certain fields of study or occupations. Evidence for the region emphasizes the importance of accessing information and networks that can facilitate the transition to the labor market. This entails strengthening labor market information systems and career guidance services, including through public employment offices. Beyond labor market-relevant information, providing training and information to women about, for example, their rights and the procedures involved in property registration and inheritance can help close the implementation gap.

*Monitoring and evaluation.* Improved monitoring and evaluation (M&E) systems are essential to closing gender gaps in access to economic opportunities, particularly as the core institutional and legislative frameworks for gender equality are already in place. M&E systems allow policy makers to identify areas in which policy efforts should be increased or adjusted, as well as areas of progress. They also promote the availability and use of gender-disaggregated information in relevant administrative and survey data, such as that from property registration and active labor market programs. Line ministries, alongside the national statistics office, are key contributors to ensuring the production and monitoring of quality and timely gender-disaggregated data across topics and sectors. Moreover, participatory approaches to M&E provide opportunities to obtain useful feedback that can lead to needed adjustments in current programs and measures.

A review of policies on access to economic opportunities in Serbia reveals that there is considerable room to improve coordination across implementing stakeholders, which calls for increased efforts to document and monitor the landscape of interventions. Importantly, it also shows that few interventions are evaluated at the outcome level (and even fewer at a systematic rather than anecdotal level), thus limiting the advance of knowledge on what actually works to increase women's access to economic opportunities and how to better allocate resources. However, unlike in other countries in the Western Balkans, a majority of Serbia's interventions reviewed under the study have an M&E component, and several have been rigorously evaluated.<sup>25</sup>

## How Can the World Bank Group Help?

Over the past several years, the World Bank has aimed at building an evidence base to inform the gender equality agenda in Serbia, particularly with regard to gender gaps in access to economic opportunities. This has included an analysis of the economic impact of gender gaps in the labor market,<sup>26</sup> a review of and consultations on potential policies to close the gender gaps,<sup>27</sup> and a skills survey of employers with a strong gender focus.

Based on this solid evidence, the World Bank is ready to continue to support the Government of Serbia in addressing the challenges that impede women's equal access to economic opportunities, which can, as a result, lower the country's growth prospects.

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<sup>25</sup> World Bank (2016b).

<sup>26</sup> Cuberes and Teignier (2015).

<sup>27</sup> This was a policy review involving interviews with government and nongovernment stakeholders carried out by a consultant in fall 2016.

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# GENDER EQUALITY PAYS

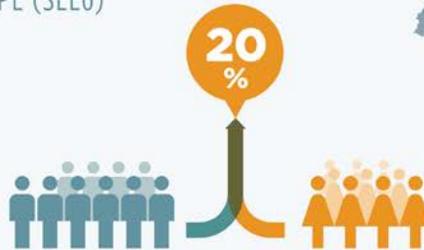
## IN SOUTH EAST EUROPE (SEE6)

SEE6  
Albania, Bosnia and Herzegovina  
FYR Macedonia, Kosovo,  
Montenegro and Serbia



### Many women do not work in SEE6:

Only **4 out of 10 women** 15 years or older in SEE6 countries are working or searching for a job, compared to **6 out of 10 men**



### 20% increase to average income per capita

If SEE6 countries eliminate gender gaps in access to jobs. The economic cost of gender gaps in the labor market is high, and these countries cannot afford to miss out on higher economic growth



### Labor taxation can result in disincentives to work or to hire formally

For example, in Serbia, the minimum social security contribution makes it too costly to formally work part-time... and women are disadvantaged as they are more likely to seek work flexibility in order to balance family and work responsibilities



### Women tend to focus their studies on lower-paying social sciences

In most countries women remain under-represented in the higher-paying engineering and technology fields. For example, in Albania, only 30% of those pursuing a career in these fields are women



### Women have less access to productive inputs

Access to financial services and property are important assets for entrepreneurs. In Montenegro, for example, only 26% of properties are owned by women, and in Bosnia and Herzegovina only 48% of women have a bank account in a formal institution compared to 67% for men



### Labor regulations can limit women's access to jobs

For example, women face discrimination by employers in Kosovo as firms bear most of the financial costs of maternity provisions and maternity leave is also the main family leave available



### Hard to find child care

For mothers who want to work, finding affordable, accessible and quality child care is hard across SEE6 countries



### Women have a hard time balancing work and household responsibilities

"Women are overburdened, I simply don't have the time for that, I have to clean, cook, take care of the children, and when do I find time to do business?"  
A woman from FYR Macedonia

Sources: World Bank Gender Statistics; National statistical offices; Cuberes and Teigner (2015); UNESCO Institute for Statistics, 2014; World Bank analysis



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