

Justification of maternity and parental benefit reform in Serbia

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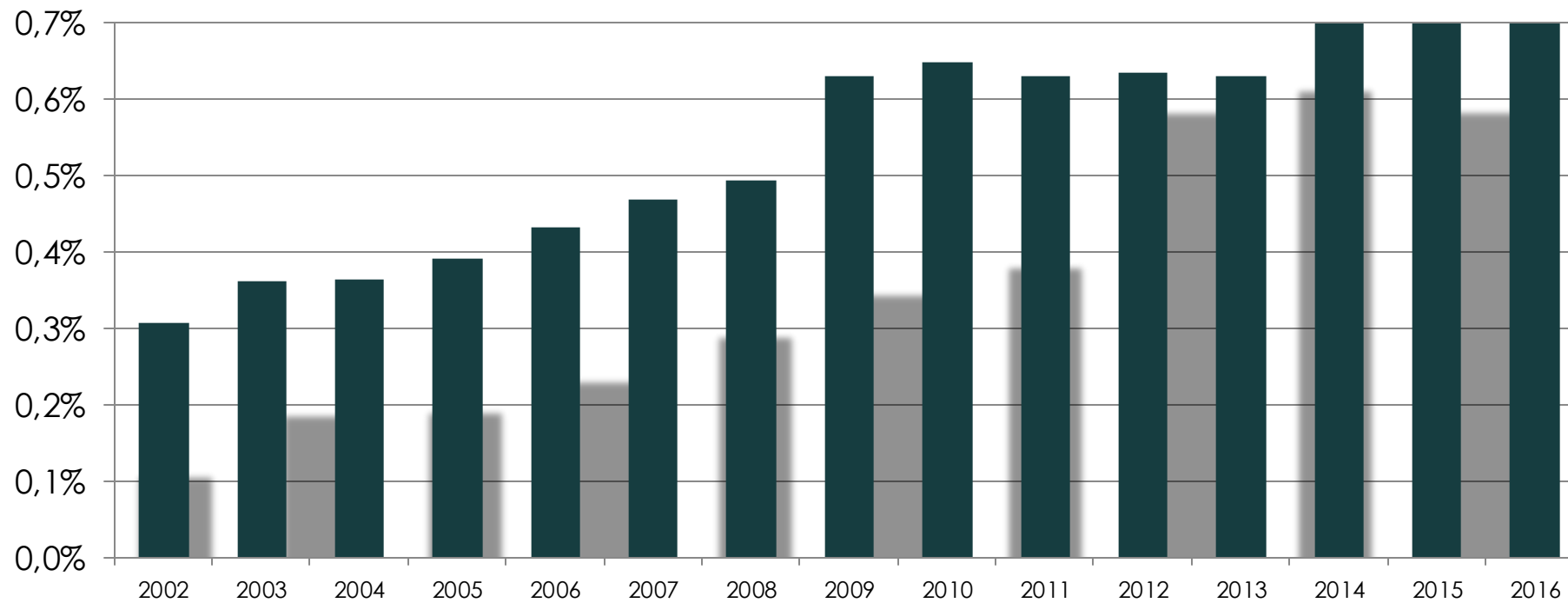
Birth related benefits

- ▶ For working parents (labor contract):
 - Maternity leave – 3 months only mothers eligible
 - Parental leave – one year after maternity (2 for 3+), transferable to fathers
- ▶ Everyone: Birth grant
- ▶ No maternal benefit for those not employed
- ▶ Special child care leave – children with higher degree of disability, up to 5 years
- ▶ Pregnancy leave

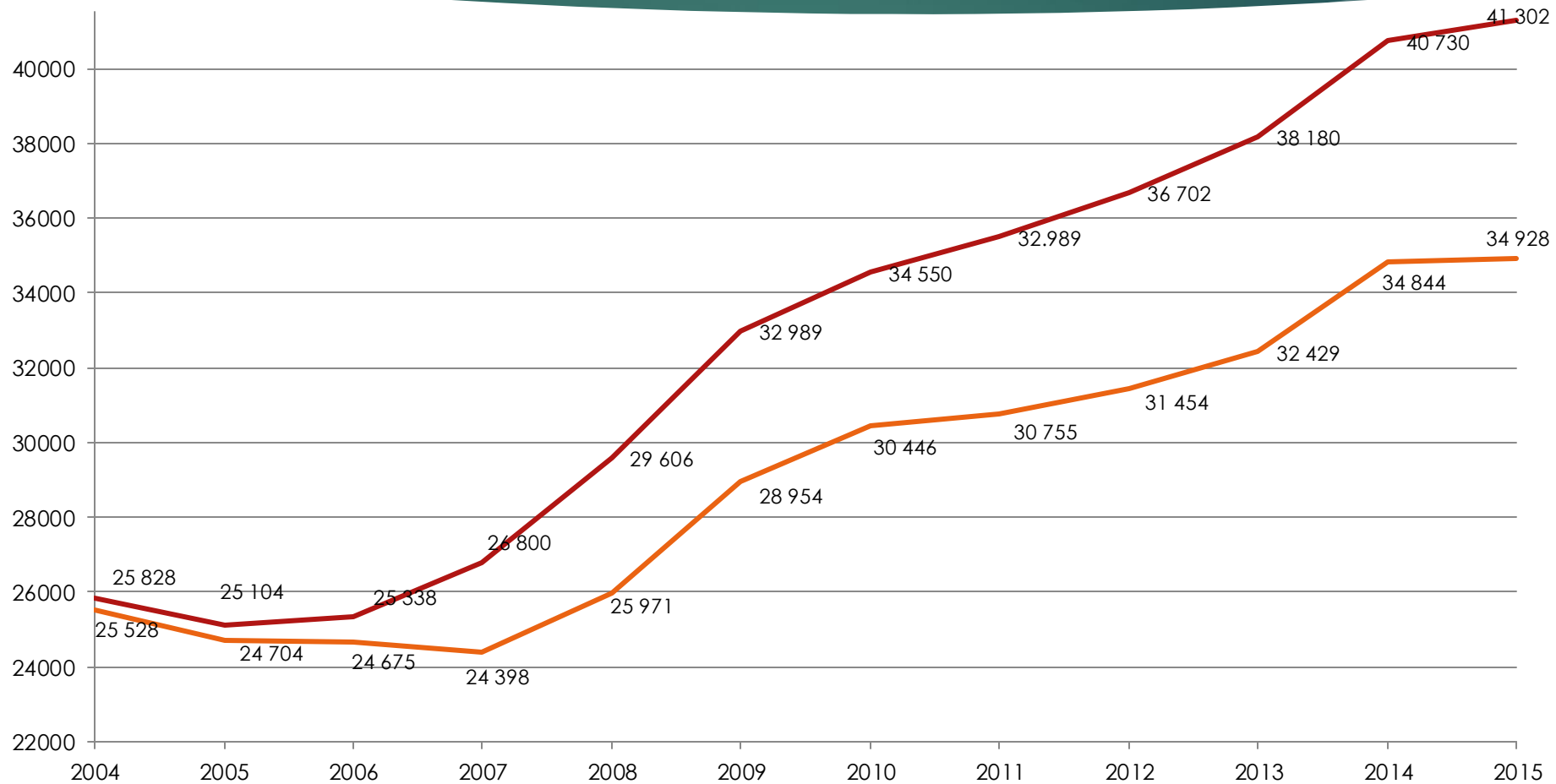
Maternity/parental leave benefit in Serbia

- ▶ Only those with labor contract (employees)
- ▶ Benefit – 100% replacement of average basic salary of the employee for 12 months preceding the month in which the maternity leave starts
- ▶ In case the person was employed less than 12 months 50% of the average monthly salary in the Republic was imputed for the missing months
- ▶ Those working less than 6 months 60% of benefit, less than 3 months 30%

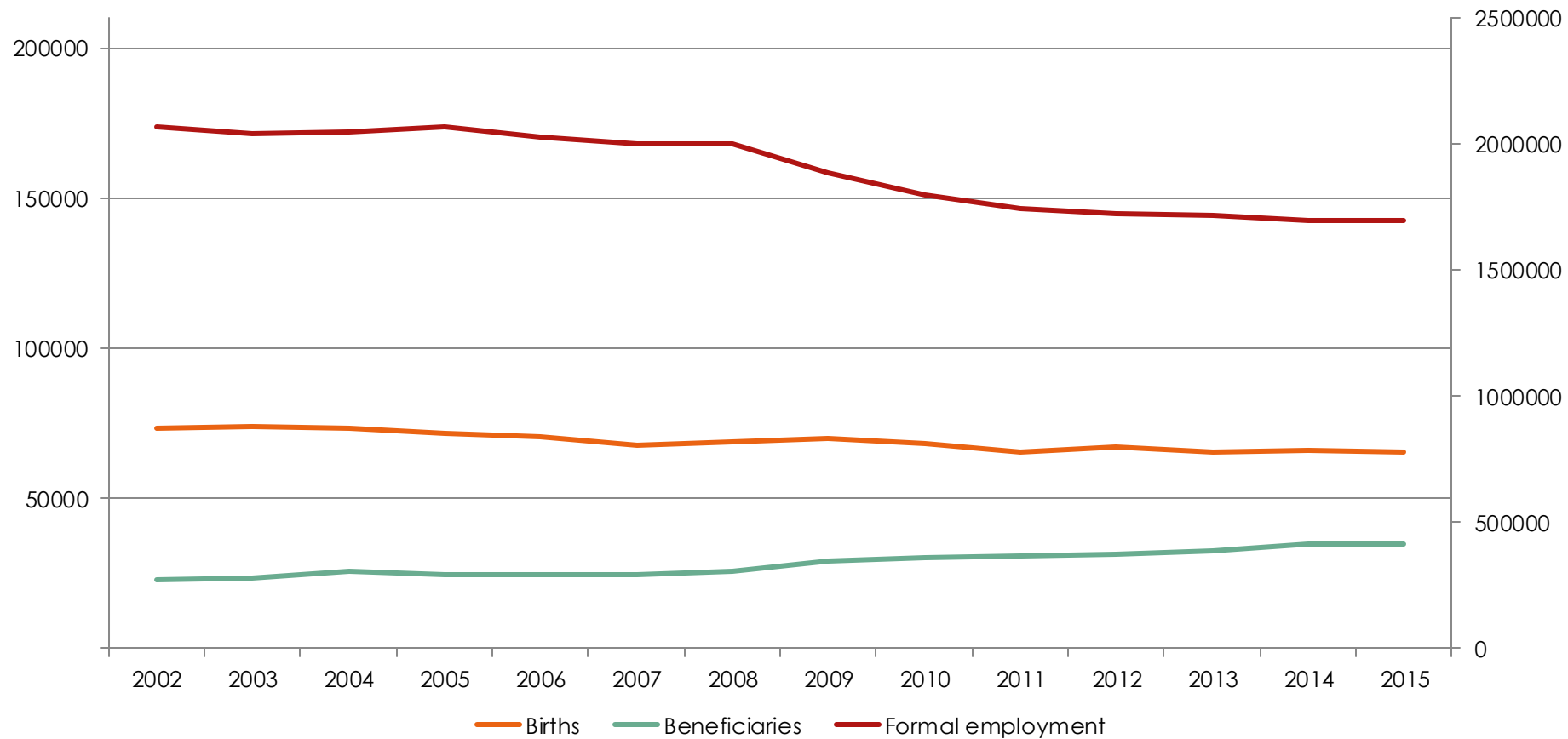
Expenditure surge



Surge in number of beneficiaries



Trends in employment and births



“Investments”

1	0	0	21.874
2	0	0	21.874
3	0	0	21.874
4	0	0	21.874
5	43.747	27.332	43.747
6	43.747	27.332	43.747
7	43.747	27.332	43.747
8	/43747/	0	43.747
9	/43747/	0	43.747
10	/43747/	0	43.747
11	/43747/	0	43.747
12	/43747/	0	43.747
Total taxes/contributions		81.996	
a. Monthly pregnancy leave			43.747
b. Total 5 months pregnancy leave			218.735
c. Monthly mat/parental			36.456
d. Total mat/parental (12months)			437.472
e. Special care (3months)			109.368
A. Total benefits			765.575
B. "Investments (tax/contributions)			81.996

Quest for efficiency

	Number of beneficiaries	Average monthly gross compensation	Inefficiency
30% benefit	500	18.605 RSD	111,6 million RSD
60% benefit	2.909	37.209 RSD	1,3 billion RSD
100% benefit	100 - 2.000	62.015 RSD	75 million – 1,5 billion RSD
Special child care	1.000 -1.800	74.707 RSD	900 million - 1,6 billion
Total			~ 2,4 – 4,5 billion (0.05-0.1% GDP)

Quest for efficiency - not fair and inefficient

- ▶ Error of inclusion:
 - benefit perceived as social assistance not leave
 - due non-flexibility (special care)
- ▶ 20 thousands on average yearly are not receiving leave
- ▶ Equity – not fair
- ▶ Error of exclusion by design (other contracts)

Family function % of GDP

