

Poverty & Equity Brief

Europe & Central Asia

Serbia

April 2019

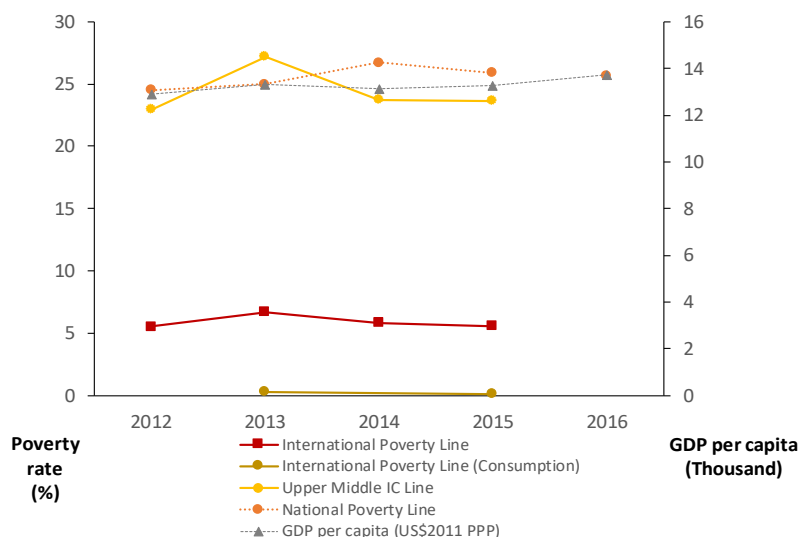
Poverty—measured as income below the Upper Middle Income Class Poverty Line of \$5.50 per person per day 2011 PPP—is estimated to have declined from 23.8 percent in 2014 to 23.0 percent in 2016 and 21.3 in 2018. During **2014–18**, continued economic growth (with increased value added in industry and services, despite fluctuations in agricultural output and activity) and labor market recovery led to improved employment rates and increased earnings, mainly driven by wage growth in the private sector. The employment rate of population aged 15 and above increased from 42 percent in 2014 to 46.7 percent in 2017. These factors largely contributed to the decline in poverty, though the growth slowdown and difficult weather in early 2017 slowed the pace of poverty reduction in that year. A decline in agriculture output in 2017 is likely to have adverse impacts on livelihoods in rural areas, where the share of the population at risk of poverty is already higher than in urban, densely populated areas.

Earlier, the economic contraction in 2012 and 2014, in part due to droughts and floods, led to subsequent recessions following the global financial crisis and hurt welfare. A small negative shared prosperity premium for the 2012-2015 period reflects the fact that the income of the bottom 40 percent of the population declined by 1.7 percent, a bit higher than for the population on average. The Gini index during this period stayed relatively stable.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	1,814.0	25.7	2016
International Poverty Line (Income) 103.1 in Serbian dinar (2015) or US\$1.90 (2011 PPP) per day per capita	395.3	5.6	2015
International Poverty Line (Consumption) 103.1 in Serbian dinar (2015) or US\$1.90 (2011 PPP) per day per capita	7.3	0.1	2015
Upper Middle Income Class Poverty Line (Income) 298.5 in Serbian dinar (2015) or US\$5.50 (2011 PPP) per day per capita	1,678.0	23.6	2015
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		-1.70	2012-2015
INEQUALITY			
Gini Index (Income)		39.7	2015
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.83	2012-2015
GROWTH			
Annualized GDP per capita growth		1.0	2012-2015
Annualized Income Growth per capita from Household Survey		-0.88	2012-2015

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of March 2019, and Global Monitoring Database for the rest.

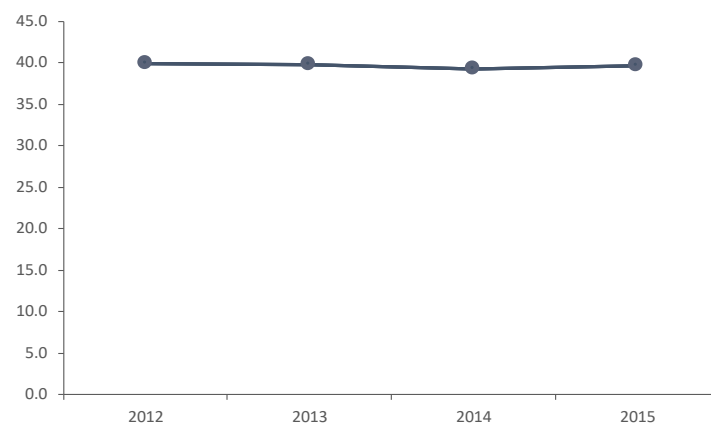
POVERTY HEADCOUNT RATE, 2012-2016



Source: World Bank using EU-SILC/ECAPOV/GMD

INEQUALITY TRENDS, 2012-2015

Gini Index



Source: World Bank using EU-SILC/ECAPOV/GMD

KEY INDICATORS (distribution among groups)

	Upper Middle Income line (%)		Relative Group (%)		Year
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population					n.a
Rural population					n.a
Males	77	23	40	60	2015
Females	76	24	40	60	2015
0 to 14 years old	67	33	51	49	2015
15 to 64 years old	75	25	41	59	2015
65 and older	88	12	28	72	2015
Without education (age 16 and older)	64	36	59	41	2015
Primary education (age 16 and older)	75	25	42	58	2015
Secondary education (age 16 and older)	93	7	17	83	2015
Tertiary/post-secondary education (age 16 and older)	91	9	17	83	2015

Source: World Bank using Global Monitoring Database

POVERTY DATA AND METHODOLOGY

National poverty estimates in Serbia are produced by the Statistical Office of the Republic of Serbia based on the Survey on Income and Living Conditions (SILC), which collects income from the previous calendar year. The national poverty line is defined as 60 percent of the equivalized median disposable income after social transfers. The World Bank's international poverty rates, based on the "dollar a day" methodology, are headcounts of the poor in a given country based on international thresholds, translated into local currencies, and adjusted for temporal and spatial price differences. The poverty lines of \$3.20 and \$5.50 per person per day in 2011 PPP reflect the typical national poverty lines of lower and upper middle income countries, respectively. These poverty estimates can be useful for cross-country comparison. National and international poverty levels and trends for Serbia can be different due to different types of poverty lines (relative versus absolute) and different values of the lines. For the purpose of the World Bank Global Poverty Monitoring, regional and global aggregates are produced using consumption. Both income and consumption poverty trends can be found in Povcalnet. Poverty measures based on the SILC have been published annually since 2013, with disconnect from the earlier trend up to 2010 based on the Household Budget Survey. The SILC generates broadly reliable data on income and living conditions to regularly measure relative at-risk-of poverty and material deprivation.

HARMONIZATION

The numbers presented in this brief are based on the ECAPOV database. The ECAPOV micro database was established in 1998 to support a regional poverty report. The database is managed and harmonized by the Europe and Central Asia Team for Statistical Development (ECATSD). ECAPOV includes 29 countries, with an average of 8 surveys per country. Recently, EU-SILC data for EU countries, received from Eurostat, have been added to the collection. Each survey in ECAPOV is organized into 6 modules following the Global Monitoring Database (GMD) harmonization guidelines, including the construction of the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.