



**IntegrAGE project**

**D1.4.1 Analysis template for country personas**

**„COUNTRY PERSONA“**

**CLUSTER D**

**Serbia, Bulgaria, Bosnia and Herzegovina**



*The country personas contain the common characteristics of the cluster formed by the country groups. Please fill in one country persona per cluster with the most typical data for the cluster. The country persona should be 8-12 pages.*

## 1. DEMOGRAPHIC TRENDS (cc.2-3 pages)

- **Ageing dynamics**

The population aged 55+ at the end of 2023 represents 37,74% of the all population in Bulgaria and 36% of the all population in Serbia.

Life expectancy at birth of the Bulgarian population, calculated for the period 2021 - 2023, is 73.5 years (life expectancy at birth for the male population is 69.9 years, while for females it is 7.4 years higher - 77.3 years). Life expectancy at birth of the Serbian population, calculated for 2023, is 78.7 years (life expectancy at birth for the male population is 73.9 years, while for females it is 4.8 years higher - 78.7 years).

Within the countries in cluster D, there are several main topics regarding ageing dynamics:

**Economic Implications**, as the ageing population poses challenges for economic sustainability, including increased pressure on pension systems and healthcare services. This may lead to potential labor shortages and necessitate adjustments in economic policies.

**Demographic Shifts**, as those countries are experiencing significant population ageing due to declining birth rates and increasing life expectancy. This trend is projected to continue, leading to a higher proportion of elderly individuals in the population.

**Healthcare Demand**, as there is an urgent need to enhance healthcare infrastructure and services tailored to the elderly, focusing on chronic disease management and long-term care to accommodate the growing older population.

**Migration Effects**, as outmigration of younger individuals in search of better opportunities exacerbates the ageing problem, leading to a smaller workforce and increased dependency ratios in both countries.

**Policy Responses**, as effective government policies are essential to address the challenges of ageing, including promoting family-friendly policies, improving elder care, and encouraging higher birth rates through incentives.

**Social Cohesion**, as ageing dynamics may lead to increased social isolation among the elderly, highlighting the importance of community programs and social networks to support active ageing and integration.

**Cultural Perspectives**, as attitudes toward ageing and the elderly vary, impacting how societies respond to demographic changes. Promoting positive perceptions of ageing can help foster a more inclusive approach to the challenges presented.

**Regional Disparities**, as there are notable differences in ageing dynamics between urban and rural areas, with rural regions facing more acute challenges due to outmigration and a lack of resources for elderly care.

- **Main common challenges/problems**

Regarding the above-mentioned main topics there are several main common challenges/problems associated with ageing dynamics in Serbia and Bulgaria: pension system strain, as both countries face significant strain on their pension systems due to a growing elderly population and a shrinking workforce, leading to sustainability concerns; healthcare access and

quality, as there are challenges related to access to quality healthcare services for the elderly, including insufficient infrastructure, workforce shortages, and disparities between urban and rural areas; social isolation and loneliness, as many older adults experience social isolation and loneliness, which can negatively impact mental health and overall well-being, necessitating community support initiatives; limited long-term care options, as there is a shortage of adequate long-term care facilities and services, making it difficult for families to find appropriate support for elderly relatives; outmigration of youth, as the outmigration of younger populations leads to demographic imbalances, increasing the dependency ratio and exacerbating the economic burden on the elderly; ageism and negative stereotypes, as ageist attitudes can hinder the integration of older adults into society and limit their access to opportunities, resources, and participation in community life; economic inequality, as economic disparities can affect the quality of life for the elderly, with low-income individuals facing greater challenges in accessing necessary care and support services; inadequate policy frameworks, as there may be gaps in existing policies addressing ageing, including a lack of comprehensive strategies that consider the diverse needs of the elderly population; these common challenges highlight the urgent need for coordinated efforts and innovative solutions to effectively address the complexities of ageing in both Serbia and Bulgaria.



## 2. RETIREMENT PATTERNS (cc. 1-2 pages)

- **Official retirement age**

The official retirement age in Bulgaria is:

- For women, 62 years and 2 months of age and 36 years and 6 months of contributory service are required in 2024
- For men, the conditions are 64 years and 7 months of age and 39 years and 6 months of contributory service.

- Pension system: *Types of pensions (state, private, mixed), access to pensions, amount of pension benefits.*

The current Bulgarian pension model

In the beginning of 2000, a new pension model was introduced in Bulgaria, establishing the so-called 3-pillar pension system that includes:

- **The first pillar** - state social security (SSS) - covers the entire working population of the country. It operates on a pay-as-you-go basis. This means the contributions from current active workers are used to pay the pensions of current pensioners. The first pillar is managed by the National Social Security Institute (NSSI).
- **The second pillar** - supplementary mandatory pension insurance (SMPI) - operates on the basis of capital funding. It provides an early retirement pension for those working under the conditions of the first and the second labor categories and/or a supplementary old-age pension for those born after 31 December 1959. It is managed by private pension funds.
- **The third pillar** - supplementary voluntary pension insurance (SVPI) - is voluntary. It operates on the basis of capital funding. It entitles the insured persons to receive old-age pensions, as well as disability and survivors' pensions. It is managed by private pension funds.

Under the current pension model, the responsibility for the amount of pension income of people who are now working is shared between the state, employers and the insured persons.

Reasons for the introduction of the current pension model

The main reason for the introduction of the current pension model in the year 2000 was the low income of both the working age and the retired population, and the demographic problem the country is facing, resulting in the inability of the old pension system, based only on the pay-as-you-go principle, to function normally and to provide the necessary replacement pension income to the population. The tendency for alignment of the number of contributors to the pay-as-you-go system with those receiving pensions leads, as a final result, to high contributions, low pensions and the constant necessity to cover deficits in the state pension fund with budgetary resources and the risk of its bankruptcy.

The minimum pension amount from January 01, 2024, until June 30, 2024 is BGN 523.04 (267 EUR) and from July 01, 2024, until December 31, 2024, would be BGN 580.57 (296 EUR).

The official retirement age in Serbia is 65 years of age and at least 15 years of insurance service) will be fully implemented only from 2032.

- For women, 63 years and 8 months of age and at least 45 years of insurance experience required in 2024
- For men, the conditions are 65 years and at least 15 months of age and 45 years of contributory service/insurance experience.

Serbia has two pension schemes: a statutory pension scheme and a voluntary personal private pension scheme. The statutory pension scheme is uniform and mandatory for all employed and self-employed persons, as well as for anyone who generates income from other forms of work. It is a pay-as-you-go defined benefits scheme, financed by compulsory insurance contributions. Any person aged 15 or over may elect to join the statutory insurance scheme, unless he or she is otherwise insured. There are no occupational pension schemes.

The second pension scheme, voluntary personal pension insurance, remains underdeveloped in Serbia. It was introduced in 2005 and is regulated by the Law on Voluntary Pension Funds and Pension Plans.

Over the period 2017-2019, pension benefits started to rise and grew continuously in real terms. A temporary reduction in pension benefits came to an end in 2018, as the positive macroeconomic results brought about a removal of the fiscal consolidation measures imposed in 2014. A new Law on Pension and Invalidity Insurance (2019) restored pension indexation using the Swiss formula (suspended in 2014 and reintroduced by the end of 2019). This law came into force on 1 January 2020; however, indexation is applied only once a year.

A high proportion of pension beneficiaries still receive minimum benefits (or even less than minimum benefits), and there is a need for a safety-net mechanism to keep these groups out of poverty.

On 31 December 2019, around a quarter (24.6%) of the Serbian population (1,707,293 persons) were in receipt of pension benefits from the statutory pension scheme (PIO Fund, 2020).

The majority of pension beneficiaries (63.9%) were claiming old-age pensions, while 16.2% had a disability pension and 19.9% were in receipt of a survivor pension.

The pension benefits are indexed once a year according to the Swiss formula: 50% of inflation and 50% of average wage growth. Pension expenditure as a share of GDP decreased from 12.1% in 2013 to 10.4% in 2018 (i.e. by 1.7 p.p.) (Ministry of Finance, 2020).

The minimum pension benefits for employees and the self-employed has been calculated as a percentage of the annual average net wage in the previous year: 20% in 2003-2005 and 25% from 2006 to 2010. From 2011 to the present day, the ratio of the minimum pension to the average net wage is associated with the percentage applied in the previous year: it must be 1 percentage point higher. The minimum pension benefit for farmers is set as a fixed sum. The ceiling of the maximum pension has also undergone some alteration: the maximum value of the personal coefficient has decreased from 5 (2005) to 3.8 (from 2011 to the present).

Over the period 2014-2017, pension benefits experienced negative year-on-year growth (in real terms, annual average); a positive shift began in 2018, with a 3.2% growth rate, followed by 1.2% growth in 2019 (Ministry of Finance, 2020).

The older population is entitled to additional social services and benefits. Under the provisions of the Health Care Law, persons aged 65 or over are exempt from payments for healthcare services in state healthcare institutions.

The average retirement duration for old-age beneficiaries was 18 years (17 years for men, 20 years for women) and for disability pensions slightly higher at 20 years (PIO Fund, 2020a).

- **Main common challenges/problems**

The main common challenges/problems regarding the retirement patterns in Serbia and Bulgaria as of 2024 are: unsustainable pension systems (both countries face pressures on their pension systems due to a shrinking workforce and a growing number of retirees, raising concerns about the sustainability of pensions), low pension benefits (many retirees receive inadequate pension benefits, which can lead to poverty and a decreased quality of life for the elderly population), increasing retirement age (efforts to raise the retirement age in response to demographic shifts can create public backlash and disparities in how different sectors are affected), healthcare access (retirees often struggle with accessing quality healthcare, particularly as they age and develop chronic conditions, which can strain public health resources), financial literacy (lack of financial literacy among the population may lead to inadequate personal savings for retirement, increasing reliance on state pensions), age discrimination in employment (older individuals often face discrimination in the labor market, limiting opportunities for those who wish to work longer or transition to new roles), social isolation (many retirees experience social isolation, particularly in rural areas, which can negatively impact mental health and overall well-being), regional disparities (rural areas may face more significant challenges in retirement due to limited access to services, healthcare, and economic opportunities compared to urban centers). Addressing all of these challenges requires comprehensive reforms and targeted strategies to improve retirement patterns and support the ageing population in both countries.



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### **3. SOCIO-ECONOMIC SITUATION (cc. 1-2 pages)**

- **Income: average wages/pension and additional sources.**

In the second quarter of 2024, the average salary for the country is BGN 2,296 (1173 EUR), which is an increase of 17.3 percent on an annual basis. The highest average salary is received by those working in Sofia - BGN 3,129 (1599EUR). For men, the average pension is now 991 BGN (506EUR), that of women is 727 BGN (371EUR). In the capital, the average pension is the highest in the country - 1037 BGN (530EUR), for men it is 1235 BGN (631EUR), and for women - 909 BGN (464EUR).

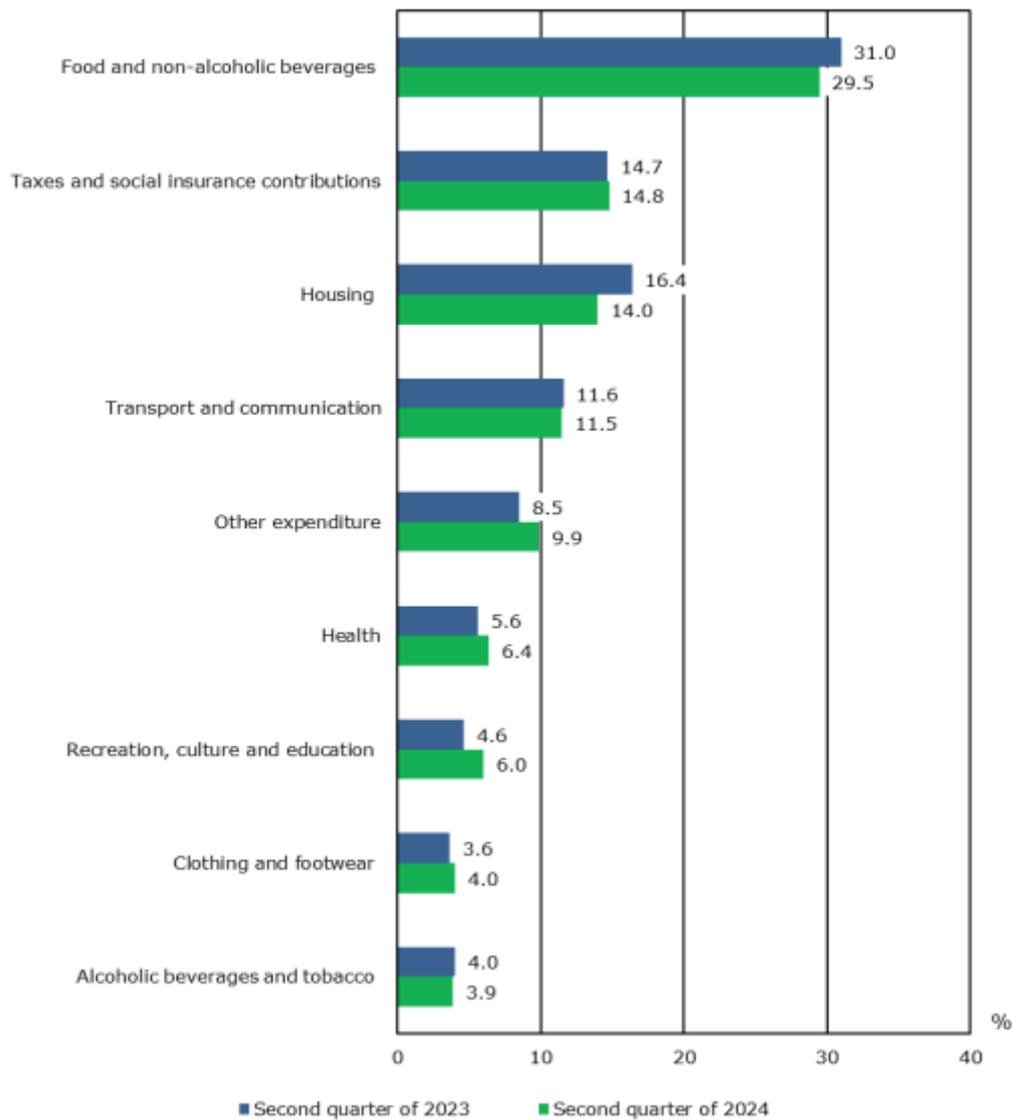
For Serbia, the Medial net salary for December 2023 was 69,842 dinars (533 EUR), which means that 50% of employees earned up to the specified amount. Gross salary is EUR 1005 and Net salary is EUR 729. Average gross salaries and wages calculated for July 2024 amounted to 135 195 RSD (EUR 1,146), while average net salaries and wages amounted to 97 835 RSD (EUR 829). Average net salaries and wages in the period January-July 2024, relative to the same period last year increased by 15.0% in nominal terms, and 9.6% in real terms. Median net salaries and wages for July 2024 amounted to 76 000 RSD (EUR 644), meaning that 50% of employees realised wages and salaries up to the mentioned amount.

- **Living costs: Expenses on housing, healthcare, and basic needs.**

The quarterly total expenditure average per household member during the second quarter of 2024 was 2 826 BGN (1444EUR) and increased by 18.8% compared to the same quarter of 2023.

In the second quarter of 2024, there were changes in the consumption of basic food products on average per person compared to the same quarter of 2023. The biggest increase was in the consumption of fruit, vegetables and meat. The consumption of bread and paste products decreased.

The greatest share in the formation of the total expenditure was expenditure on food and non-alcoholic beverages - 29.5%, as well as expenditure on taxes and social insurance contributions - 14.8%, housing - 14.0%, and transport and communication - 11.5%.



During the second quarter of 2024, compared to the same quarter of 2023, as absolute values, the average per capita expenditure by group changed as follows:

- Expenditure on food and non-alcoholic beverages increased from 738 BGN to 835 BGN (by 13.2%);
- Expenditure on alcoholic beverages and tobacco increased from 95 BGN to 109 BGN (by 15.5%);
- Expenditure on clothing and footwear increased from 85 BGN to 112 BGN (by 32.9%);
- Expenditure on housing (water, electricity, heating, furnishing and maintenance of the house) increased from 389 BGN to 397 BGN (by 1.9%);
- Expenditure on health increased from 133 BGN to 181 BGN (by 36.3%);
- Expenditure on transport and communication increased from 276 BGN to 325 BGN (by 17.7%);
- Expenditure on recreation, culture and education increased from 110 BGN to 170 BGN (by 54.3%);

- Expenditure on taxes and social insurance contributions increased from 348 BGN to 418 BGN (by 20.3%).

For Serbia, in 2023, the average monthly income in money and in kind, per a household (all households), amounted to 87 973 RSD (EUR 745) and the individual consumption expenditures of the households (all households) amounted to 88 244 RSD (EUR 754). Relative to 2022, the average monthly income in money and in kind increased by 12.2% and the individual consumption expenditures of the households increased also by 12.2% in nominal terms. Average monthly income in money and in kind of the households in urban area amounted to 89 568 RSD or EUR 759 (11.0% increase, nominally, relative to 2022), while average monthly income in money and in kind of the households from other area amounted to 85 046 RSD or EUR 720 (13.9% increase, nominally, relative to 2022). The individual consumption expenditures of the households in urban area amounted to 89 931 RSD or EUR 762 (increase of 10.9%, nominally, relative to 2022), while individual consumption expenditures of the households from other area amounted to 85 118 RSD or EUR 721 (increase of 13.9%, nominally, relative to 2022).

The largest share of income in money and in kind (all households) refers to the salaries and wages of the employed – 52.5%, pensions – 30.9%, income from agriculture, hunting and fishing – 4.0%, natural consumption – 2.6%, other income – 2.4%, social insurance receipts – 2.4% and 5.2% refers to income from other sources.

The largest share of the individual consumption expenditures (all households) relates to expenditures for food and non-alcoholic beverages – 36.8%, followed by expenditures related to housing, water, electricity, gas and other fuels – 16.4%. Expenditures for transport amounted to – 8.7%, for miscellaneous goods and services – 5.9%, for communication – 5.3%, for recreation and culture – 5.1%, for clothing and footwear – 4.7%, for alcoholic beverages and tobacco – 4.5%, for health – 4.2% and 8.4% relates to other groups of individual consumption.

- **Poverty: Poverty rate among 55+.**

In 2023, the average monthly poverty line for the country was 637.92 BGN per person. The number of persons who were below this line were 1 325.9 thousand representing 20.6% of the population. Compared to the previous year, the poverty line increased by 21.3% and the relative share of the poor population decreased by 2.3 percentage points. Population at-risk-of-poverty, age 65+ years: 22,2% for 2023.

According to the Survey data for Serbia, the at-risk-of-poverty rate was 19.9% in 2023, and compared to 2022, it was lower by 0.3 percentage points. The at-risk-of-poverty or social exclusion rate amounted to 27.2%, and it was lower by 1.8 percentage points relative to 2022. The at-risk-of-poverty rate represents the share of persons whose equivalised disposable income is below relative poverty line, which amounted to 29 100 RSD a month on an average for a single person household in 2023. The at-risk-of-poverty threshold amounted to 52 380 RSD (EUR 443) a month on an average for a household with two adults and one child aged below 14, while for a four-member household with two adults and two children aged below 14, it amounted to 61 110 RSD (EUR 518). The at-risk-of-poverty or social exclusion rate shows the share of individuals who are at risk of poverty or are severely materially and socially deprived or live in households with very low work intensity. Observed by age, the at-risk-of-poverty rate in Serbia shows that individuals aged 65 and over were the most exposed to the poverty risk – 23.5%, as well as individuals aged from 55 to 64 – 23.0%. The lowest at-

risk-of-poverty rate was recorded for the group of persons aged from 25 to 54 – 16.8%. By the type of household, the highest at-risk-of-poverty rate was recorded for households composed of two adults with three or more dependent children – 34.7%, while the lowest at-risk-of-poverty rate was recorded for the households composed of three or more adults – 13.3%. According to the activity status for persons aged 18 and over, the most exposed to the at-risk-of-poverty were unemployed persons – 50.9%. Self-employed persons were at the higher risk-of-poverty rate – 12.9%, compared to employees working for employers – 4.9%. The at-risk-of-poverty rate for pensioners was 20.3%. Observed by age for Serbia, the at-risk-of-poverty rate shows that individuals aged 65 and over were the most exposed to the poverty risk – 22.6%, as well as individuals aged from 55 to 64 – 21.6%.

- **Main common challenges/problems**

According to data shown above, the main common challenges/problems regarding the socio-economic situation in Serbia and Bulgaria are: economic inequality (both countries experience significant disparities in wealth and income distribution, leading to social tensions and limiting opportunities for disadvantaged groups), outmigration and Brain Drain (emigration of skilled workers and youth in search of better opportunities abroad results in a loss of talent and exacerbates demographic challenges), informal employment (substantial portion of the workforce is engaged in informal employment, which limits access to social security, healthcare, and other benefits, contributing to economic insecurity), underdeveloped infrastructure (both countries face challenges with infrastructure development, particularly in rural areas, impacting transportation, healthcare access, and economic growth), corruption and governance issues (corruption and inefficiencies in governance can undermine public trust and hinder economic development, affecting investment and public services), healthcare system strain (the healthcare systems in both countries struggle with limited funding, inadequate facilities, and workforce shortages, affecting access and quality of care), aging population (ageing demographic presents economic challenges, increasing the dependency ratio and straining social services and pensions), education and skill mismatch (there is often a disconnect between the skills provided by the education system and the needs of the labor market, leading to unemployment and underemployment). These challenges require targeted policies and coordinated efforts to improve the socio-economic landscape in both Serbia and Bulgaria.



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### **4. LEVEL OF AGE MANAGEMENT (cc. 1-2 pages)**

- Implementation of strategies and the existence of key documents at the national level / presence at the company and NGO levels.

#### **National Strategy for Active Life of the Elderly in Bulgaria (2019 – 2030)**

Special emphasis on meeting the demographic challenges of the population aging is also placed through the National Strategy for Promoting the Active Life of the Elderly (2019 - 2030). The strategic goal is to create conditions for active and dignified life of the elderly by providing equal opportunities for their full participation in the society's economic and social life, which will be achieved by implementing the following priorities by 2030:

- Priority 1: Promoting the active life of older people in the field of employment
- Priority 2: Promoting the active life of older people in the field of participation in society;
- Priority 3: Promoting the active life of the elderly in the field of independent living;
- Priority 4: Creating capacity and a favourable environment for active living of older people at a national and regional level

#### **National Strategy for Demographic Development of the Population of the Republic of Bulgaria 2012 – 2030**

One of the main priorities laid down in the national strategy is: II. Overcoming the negative effects of population ageing, and improving the quality characteristics of human capital. The accomplishment of the second priority includes taking measures to meet the challenges created by the ageing of population. The measures are directed to overcoming the negative effects of the growth of unfavourable changes in age, e.g. the decreasing size and ageing of the active population, the growing burden on the social insurance system and the state budget. The measures help improve the requirements for the quality and extending the scope of health care and social services for elderly people; and also providing better opportunities for education and formal and informal learning as a basis for professional realization on the labour market and a means of development of human resources in the process of life-long education; conducting a consistent policy for encouraging the labour activity of the elder workers.

#### **National concept for promotion of active ageing (2012-2030)**

The National concept for promotion of active ageing is a continuation of one of the key lines of action of the Updated national demographic strategy of the Republic of Bulgaria with a horizon to 2030: Overcoming the negative effects of population ageing. The Concept offers a clear perspective for dealing with the effects of demographic ageing in the context of an integrated approach tailored to the specificities of the issue. The strategic objective of the National concept for promotion of active ageing is to create conditions for active and decent living of elderly people by ensuring equal opportunities for full economic and social participation.

There are strategic documents prepared but no specific measures and results are achieved regarding the employees withing 55+ age group.

SR

The National Strategy on Aging 2006-2015 was the most significant in Serbia for the position of the elderly. All defined strategic directions were assessed as appropriate, and the priorities are: poverty reduction, respect for the principle of sustainability, adaptation of the pension and disability insurance system, defining and regulating the area of aging and practical connection and development of long-term care services, strengthening non-governmental organizations and private partners in the process of long-term care, more accessible lifelong education of older people, prevention and protection of older people from all discrimination and violence.

For the oldest population, the most significant is the Strategy of Prevention and Protection from Discrimination, which aims to reduce poverty and improve the financial situation of the elderly, prevent family and/or other violence against the elderly, provide services, health and social protection, participation in social life and education. The communication strategy on the accession of the Republic of Serbia to the European Union designates pensioners as a group sensitive to changes.

An important document from the perspective of the position of older women is the National Strategy for Gender Equality (older women, rural women and women with disabilities are recognized as a particularly vulnerable group to which public policies should be directed in order to improve their overall social position).

Other documents are: Public Health Strategy of the Republic of Serbia, Strategy for Palliative Care and Strategy for Improving the Position of Persons with Disabilities in the Republic of Serbia.

- Policies: *Programs to support the employment of older workers.*

No specific programmes are open at the moment in order to support the employment of older workers.

SR: The work program of the National Service for 2023 plans to include 4,000 people in the measure of subsidies for the employment of unemployed persons from the category of difficult to employ. This group also includes people over 50 years old, who belong to the more difficult employable categories.

- Work environment: *Workplace adaptations, flexible working conditions.*

Bulgarian labour legislation regulates various forms of working time with the aim of providing more flexible possibilities for securing employment, as well as with maximum use of the possibilities of applying for work under several employment contracts.

Each employer has the exclusive right to determine the organization of working time in the enterprise (the organization, the company, the establishment, etc.), using the various forms of organization, distribution and reporting of working time.

This exclusive right, given by law, should be used by observing the conditions agreed in the employment contract and the requirements related to the rights of workers to rest during the working day, breaks during shift rotation, inter-day and weekly rest, provision of possibility of

eating etc. There are no specific regulations regarding the working conditions for elderly people, it depends on the employer.

- Main common challenges/problems

In both countries there are strategic documents related to the ageing of the population – the National Strategy on Ageing in Serbia and the National concept for promotion of active ageing in Bulgaria. There is no special document in Bulgaria with focus on the gender equality of older women. The common challenges for the countries could be summarised as follows:

- implementation of active measures that lead to poverty reduction and improvement of the financial situation of the elderly;
- launch of new programmes to support the employment of older workers;
- creation of conditions for active and decent living of elderly people;
- development of long-term care services with adequate quality and extending the scope of health care and social services for elderly people;
- improvement of the pension and disability insurance system;
- implementation of long term actions dealing with the effects of the demographic ageing in both countries.

## 5. LABOR MARKET CONDITIONS (cc. 1-2 pages)

- Employment Rate for Older Adults (% aged 55+)

Employment rate of older workers, age group 55-64 was 69.50% in December of 2023

SR: Employment rate of older workers, age group 55-64 was 56.70% in December of 2023

- Unemployment: *Unemployment rate of 55+*

Unemployment rate of older workers, age group 55-64 was 3.6 % in December of 2023

SR: Unemployment rate of older workers, age group 55-64 was 4.2 % in December of 2023

- Educational background of 55+ at risk of being / becoming unemployed

No data available

SR No data available

- *Sectors with high and low representation of older workers.*

The sectors with high share of employed persons (more than 50%) from 46 to 65+ are the following: "Extractive Industries", "Transport, Mining and Posts", "Real Estate Operations", "Professional Activities and Research", "Government", "Education" and "Human Health and Social Work".

Sectors with an extremely low share of employed persons from 46 to 65+ are: "Agriculture, Forestry and Fisheries", "Manufacturing Industry", "Production and Distribution of Electric and Thermal Energy and Gaseous Fuels", "Trade, Repair of Cars and Motorcycles", "Hospitality and restaurants" and "Creation and distribution of information and creative telecommunications products".

SR: The sectors with high share of employed persons (more than 50%) from 50+ are the following: Agriculture, Government, Education, Transport and other Services

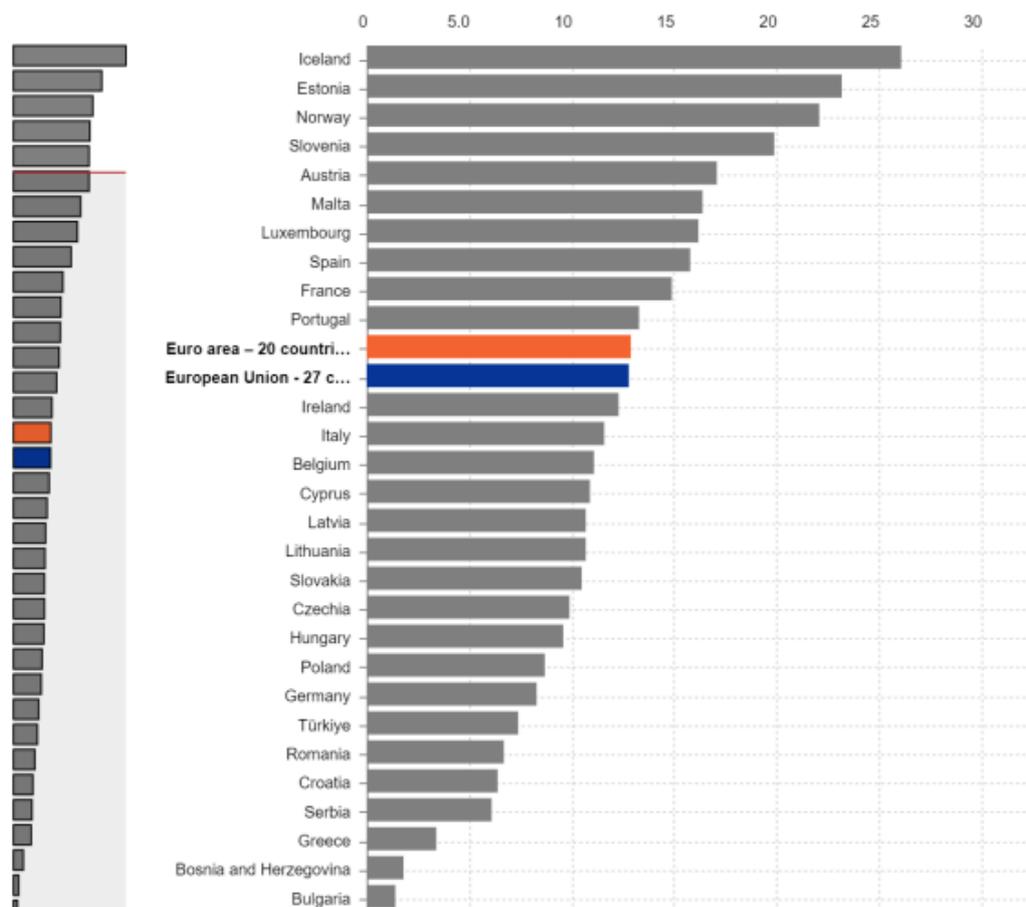
Sectors with an extremely low share of employed persons from 50+ are: Manufacturing, Trade, Tourism and ICT.

- Career development: *Opportunities for retraining and education.*

The new Eurostat data on the lifelong learning (LLL) of the elderly (25-64 years) show that in 2023, Bulgaria is at the bottom of the EU. The share of people who participated in some form of education and training in the country even decreased compared to the previous year's survey. It reaches 1.4% and is already almost ten times lower than the EU average. Just 0.3% of them are people in the age class from 55-64.

### Participation rate in education and training (last 4 weeks) by sex and age

Time frequency: Annual Unit of measure: Percentage Sex: Total Age class: From 25 to 64 years Time: 2023



Disclaimer: This graph has been created automatically by ESTAT/EC software according to external user specifications for which ESTAT/EC is not responsible. Graphic included.

SR: Almost a half of the enterprises in the Republic of Serbia (49.2%) conducts some form of continuing vocational training of its employees, while 40.8% of enterprises participates in CVTS

courses. Observed by the sex of participants in trainings in all enterprises that conduct courses, women are more represented (40%) than men (35%). Women are also at the forefront when viewed according to individual groups of activities and size of the enterprise. The average cost of CVTS courses in enterprises conducting trainings is EUR 45 per employee. Share of adults in non-formal education and training (%) for age group 55-69 is 9,1% in total.

The perceived challenges of employment of people over 55 years old, considering their changing competencies, values, health, attitudes and motivation, are: Over 55s face new technologies and changes in the way they work that require lifelong learning and flexibility, Older people are more prone to chronic and occupational diseases that have developed over years of work and that can reduce productivity at work; The lack of training for retraining and acquiring new skills is a particular challenge, and the offered training programs are often inadequate (bookkeeping software is outdated or not in line with what companies use, or, for example, the training is not well organized, so the participants drop out), the training offer changes slowly and adapts to existing trends in the labor market; respondents indicated that discrimination in the labor market is present, and the personal characteristics that appear most often in complaints are: gender and marital and family status, primarily of women, membership in political trade unions and other organizations, disability, age, nationality, health condition.

The status and position of older persons on the labor market is directly related to the level of education and educational profile. Employers from the private sector focus on the knowledge and skills of their employees, as well as the efficiency and results achieved at work. In this sense, there is no difference between the employees either by gender or by the age of their employees. In companies, all employees are treated equally, regardless of age group. Employees are provided with equal opportunities for advancement and development. Persons older than 55 years are also in management positions.

- In the Republic of Serbia, any kind of indirect and direct discrimination in employment on any basis, including age discrimination, is prohibited. At the same time, in accordance with the Law on Employment and Unemployment Insurance, the employer independently decides on the person to be employed or employed.

- Main common challenges/problems
  - Older workers in Bulgaria were more likely to be employed compared to those in Serbia as of December 2023. Bulgaria's employment rate for this age group was 12.8 percentage points higher than Serbia's.
  - In both countries the sectors with higher share of employed persons (more than 50%) are transport, government, education, agriculture, services. The sectors with an extremely low share of employed persons from 50+ are also the same: manufacturing, trade, tourism and ICT.
  - The share of people who participated in some form of education and training in Bulgaria is lower than in Serbia. Bulgaria is at the bottom of the EU regarding LLL.
  - The challenges for elderly people in both countries are related to the lack of adequate training and training programmes for reskilling and upskilling. The developed trainings do not correspond to the needs of the employers and the trends of the labour market. Often the elderly people lack specific ICT skills and need improvement.

- Access to health care: availability and affordability of medical services.

Bulgaria has Centralized Healthcare and it is based on a compulsory social health insurance (SHI) scheme. Healthcare in Bulgaria is largely centralized, with the National Assembly, the National Health Insurance Fund and the Ministry of Health standing as the main funders. Social single-payer healthcare is monitored through the NHIF, which covers services included in the benefits package and certain medications. By law, all citizens and residents should be insured but according to the statistics more than 14.8% of the population (over 1 million people) may have been uninsured. The statutory benefits package covers a range of primary, secondary, and tertiary level health services and goods. However, cost-sharing for most services covered by the SHI and direct payments for excluded services, and particularly medicines, means that Bulgaria has one of the highest share of out-of-pocket health spending in the EU.

Voluntary healthcare is administered by for-profit insurance companies and deals with both the citizens and providers. These systems, working in collaboration with the Ministry of Health, fund services including emergency care, in-patient mental health care and the development of medical science.

SR: Health care in Serbia is provided through a wide network of public health care institutions owned and controlled by the Ministry of Health. The law provides for private practice which, however, may be pursued exclusively by way of private funds. Health care of the population in the Republic of Serbia is directly provided through a network of health care institutions and its use depends not only on the needs of users, but also on the development of provision of health services. The total number of health care institutions, according to the Decree on the Health Care Institution Network Plan was 335 in 2021 (excluding institutions from Kosovo and Metohija Province and Military medical institutions). This number includes primary health care centres and general hospitals within health centres.

Health care at the primary level is provided by state-owned primary health centres, which cover the territory of one or more municipalities or towns. Primary health care in primary health centres is provided to the public by an elected doctor who is either a medical doctor or a specialist in general medicine, or specialist in occupational medicine; specialist in paediatrics; specialist in gynaecology; and dentist. Women's health service provides specific health care to the female population over 15. Child health service provides primary health care to children aged 0 to 6. School children and youth health service provides primary health care to children and youth between 7 and 19 years of age. The occupational health service provides specific health care to the working population. Primary health services carry out specialist consultation activities in internal medicine, chest specialist, otorhinolaryngology, ophthalmology, dermatology, psychiatry, and physical medicine and general rehabilitation.

- Quality: The standard of medical care provided

Health care in Bulgaria has sufficient resources such as hospitals, beds, funding, but despite this, efficiency is relatively low, and health outcomes are weaker than those of countries with similar social and economic characteristics. The financing of the system does not create sufficiently good incentives to increase efficiency, and the place of the patient in decision-making and in the evaluation of the received service is completely absent. There are also large disparities between areas in access to health care and health outcomes.

Bulgaria has a limited number of health care specialists (nurses and orderlies), hospital care is highly dominant on the account of prevention and outpatient care. There are significant regional differences in access to medical services.

In Bulgaria, a total of 8.6% of the gross domestic product is spent on healthcare, according to Eurostat data for 2021. According to this indicator, our country is around the middle compared to other EU countries. At the same time, Bulgaria is in first place in the entire EU in the ranking for out-of-pocket payments for medicines, and for health the out-of-pocket payments in total are 38% with an average indicator for the community of 15.6% of total costs, which is again the highest indicator.

SR:

- Health insurance: Public vs. private insurance, coverage extent, co-pays.

Private healthcare in Bulgaria is far more advanced and better equipped than its public sector equivalent. As Bulgarian private healthcare is fairly cheap when compared to many surrounding nations, the country has grown as a destination for medical tourism. Cosmetic and dental procedures are particularly popular.

The compulsory social health insurance (public) covers services included in the benefits package and certain medications. The other services could be paid by the private insurance depending on its type and coverage.

Public sector healthcare is basic for people in Serbia. On the other side, private healthcare in Serbia is in the development and better equipped mainly for businesses. Compulsory health insurance includes: 1) insurance for illness and injury outside of work and 2) insurance for occupational injuries and occupational diseases.

Main conclusions:

- The private healthcare in Serbia is in process of development in difference from Bulgaria.
- Bulgaria has one of the highest share of out-of-pocket health spending in the EU.
- Private healthcare in Bulgaria is far more advanced and better equipped than its public sector equivalent.

## 7. WELL-BEING (cc.1-2 pages)

### 8. Physical well-being: Prevalence of chronic illnesses, physical activity levels, nutrition

Bulgaria is one of the leading countries in Europe in terms of the largest number of health problems per capita. The most common diseases and health issues among Bulgarians are obesity, diabetes, hypertension, chronic heart or lung disease, as well as oncological diseases. As a reason for this, experts point to the lack of a healthy culture and the neglect of a healthy lifestyle.

The report on physical well-being in Serbia highlights concerning trends related to chronic illnesses, physical activity levels, and nutrition. Based on the findings from the "Health Survey of the Population of Serbia," conducted by the Ministry of Health and analyzed by the Institute of Public Health of Serbia, the data sheds light on the current state of health among individuals aged 15 and older.

40% of Bulgarians suffer from chronic diseases or some long-term health problem. The highest share of people with chronic diseases is among the age groups 45-64 (44.6%) and people over 65 (82.6%) (European Health Interview). High blood pressure (hypertension) is a leading health problem, from which almost 30% of Bulgarians suffer. Spinal disorders are also a common problem, from which more than 10% of people suffer, as well as osteoarthritis (5.8%), diabetes (6.9%), respiratory diseases and asthma (5.4%), kidney problems (4.7%).

According to the survey, over half of the population (57.8%) perceives their health as good, with 64.4% of men rating their health positively, compared to 51.5% of women. However, a significant portion, 15.6%, rated their health as poor. Chronic illnesses are prevalent, affecting 53.5% of people aged 15 and above, with women (58.7%) being more affected than men (47.9%). Chronic conditions are particularly widespread among individuals over the age of 45, with percentages rising from 59.6% to 90.3%, and among the poorest segment of the population (62%). The most common chronic conditions include high blood pressure, which affects 31% of the population, followed by spinal deformities or back problems (19.1%), high cholesterol levels (12.9%), and angina pectoris (10.2%). Notably, women are more likely to suffer from high blood pressure (35.2%) than men (26.6%).

These findings underscore the importance of addressing chronic illness prevention and management through improved healthcare services, public health initiatives, and increased awareness of nutrition and physical activity to improve overall well-being in Bulgaria and Serbia.

#### Physical activity

4% of Bulgarians exercise regularly /at least five times a week/, 17% of people in the country are doing exercises with some regularity /1-4 times a week/. The largest percentage of respondents (61%) stated that they never exercise, while 18% rarely (three times a month or less) exercise. (Study of public attitudes in EU countries in 2022 based on Kantar TNS BBSS /Special Eurobarometer). It can be summarized that Bulgaria is one of the countries in the EU, where there is a tendency to decrease the relative share of people who have never exercised: (78% by 2013 to 61% by 2022).

According to the 2019 Health Survey of the Serbian Population, conducted by the Institute of Public Health and the Statistical Office of Serbia, the average Serbian resident spends around 4.7 hours sitting per day, with those in Belgrade sitting the most, averaging 5.8 hours. Individuals aged 75 and older sit even longer at 6.1 hours per day, while people with higher education levels sit for an average of 5.5 hours daily.

The survey also revealed a decline in daily physical activity among children aged 7 to 14 compared to 2013, although two-thirds of children in this age group engage in physical activity at least twice a week. Data from the 2017/2018 School Health Behavior Survey indicates that most children and adolescents do not meet recommended levels of physical activity. Boys are more physically active than girls, with 41.8% of boys aged 11, 13, and 15 being active for at least 60 minutes daily, compared to only 25.5% of girls.

Among adults, nearly 41% are insufficiently physically active, with 46% of women and 36% of men not engaging in adequate physical activity. Fitness, sports, or recreational activities are practiced

by only about one in eleven citizens at least three times a week. These findings highlight the need for increased focus on promoting regular physical activity across all age groups in Serbia.

## Nutrition

In the last three to four years, 89.1% of Bulgarians have started to be aware of the importance to healthy eating, and 60.6% have changed their diet. However, only 10.4% eat breakfast regularly, and for 45.4% dinner is the main meal. Nearly 40 percent of the people believe that nutrition directly affects health, but for 20%, healthy nutrition is expensive. According to 55.6% of Bulgarians, healthy eating means eating a varied diet, and for 27.4% - eating more fruits and vegetables.

In Serbia, one in five people is obese, and about 35% struggle with being overweight. According to the latest data from the Institute of Public Health "Dr Milan Jovanović Batut," 25% of the population skips breakfast during the workweek. Although 75% of Serbians acknowledge the importance of a healthy diet, only 4% actually maintain a healthy eating routine.

The 2019 research revealed that while half of the population consumes fruits and vegetables daily, only 39.4% eat fruit every day, and 50% of the population drinks alcohol, with 3.1% consuming it daily. Nutritionists attribute weight problems and poor diet to the easy availability of fast food and bakery products, as well as the fast-paced lifestyle that prevents people from preparing meals at home. The rise of food delivery services, often offering fast food, further exacerbates this issue.

### 9. Mental well-being: Stress levels, prevalence of mental health disorders, access to mental health services.

According to statistics, 14.5% of Bulgarians suffer from mental disorders at some stage of their life. Of course, not all disorders are due to job stress. Anxiety, depression, phobias, alcohol and drug dependence belong to the group of the so-called common mental disorders in Bulgaria. The share of population with mental health disorders for 2021 in Bulgaria is 13%.

Between 30% and 35% of Bulgarians associate their psychological distress with workplace problems. The mental health of the population has deteriorated significantly amid the Covid-19 pandemic, the lockdowns, the economic crisis and the war in Ukraine.

In Serbia, mental well-being presents significant challenges, with one in three individuals experiencing mental health issues. Unfortunately, many do not seek or receive professional help, as reported by the "Majska platforma" initiative. There are three main reasons why people avoid seeking mental health support: the lack of free community mental health centers, financial barriers to private sector services, and the stigma associated with mental health issues.

According to research by the Republic Health Insurance Fund, 9% of the population suffers from depression, but only 30% of them seek professional help. Anxiety affects 6.7% of the population, while 1.2% experience bipolar disorder, and 0.6% live with schizophrenia. These statistics highlight the need for greater awareness, education, and destigmatization of mental health issues in Serbia. Self-care and mental health awareness are critical for overall well-being. Mental health services in Serbia remain limited, though several helplines are available. The Center "Srce" offers free suicide prevention support, the NADEL National Childline and Parent

Line provide assistance for children and parents. The Dr. Laza Lazarević Clinic also operates national helplines for adolescents and suicide prevention. The SOS Women's Center offers further support for those in need.

Unfortunately, mental health is still a taboo subject in Bulgaria and Serbia. Usually people from this countries refuse to admit that they need help in such situations. This is also a financial issue, because the National Health Insurance Fund does not cover the psychotherapy costs.

#### 10. Social well-being: Quality of social networks, community engagement, support systems

According to the National Statistical Institute, 87.3 percent of urban homes have high-speed broadband, but rural areas (especially the underserved areas in Northwestern Bulgaria) lack such coverage. Around 71 percent of Bulgarian homes subscribe to a fixed broadband connection.

Bulgaria needs to address a severe digital skills gap because only 41 percent of the population has basic digital skills. Bulgarian internet users are among the most intensive users of online video calls (1st place) and social networks (6th place). Over 85 percent of Bulgarians use the Internet for phone and video calls through various applications. Facebook is the most popular social network in Bulgaria. An estimated 2.5 million Bulgarians, or almost 74.5% of all internet users have Facebook accounts, and their number is constantly growing across the Balkans. More than 21% of Bulgarians use Youtube, 14.3% Google+, 7.9% Twitter and 5% LinkedIn.

In Serbia, the broadband landscape shows promising developments. As of recent reports, approximately 84% of urban households have access to high-speed broadband connections. However, around 20% of households in rural areas still lack access to fixed broadband networks. This gap is particularly notable in regions where there have been limited private investments in broadband infrastructure. ITU initiatives from government is actively working to address these disparities. They have initiated projects aimed at expanding broadband access, particularly in underserved rural communities. One such project plans to bring 100 Mbps+ connectivity to about 90,000 households in various communities by 2025

In Serbia, Facebook remains the dominant social media platform, with approximately 2.6 million users as of 2024, which represents about 36% of the total population. Other platforms like Instagram and TikTok are also gaining popularity, particularly among younger demographics. Twitter and LinkedIn have smaller user bases, with Twitter being less popular than Facebook, while LinkedIn serves primarily professional networking needs, particularly among the educated youth and business professionals.

Only 20 percent of Bulgarians use Internet to interact with state administration bodies, however, as a result of the recently created Ministry of e-Government, improvements are expected.

Bulgaria ranks 17th among the EU's 28 countries (82 percent) using voice or video calls, and 74 percent participating in social networks. However, Bulgarians are reluctant to engage in on-line transactions, with only 7 percent of Bulgarians using online banking and only 31 percent shopping online.

Digital literacy in Serbia has improved significantly in recent years, especially following the COVID-19 pandemic, which necessitated a rapid transition to online learning and digital services. According to the Statistical Office of the Republic of Serbia, 98% of pupils in primary and

secondary education engaged with digital learning platforms during this period. However, notable disparities exist, particularly for marginalized groups. For instance, only 56% of Roma children participated in online classes due to limited access to technology and the internet – United Nation Development Program.

The Serbian government has recognized the need for enhanced digital skills and has integrated digital literacy into the education curriculum from the first grade onward. Initiatives to support digital skills development have been launched, including government efforts to expand internet access in rural areas.

#### 11. Economic well-being: Financial health, income stability, employment security, Job market conditions, social security systems, economic policies

Tendencies:

##### **A gradual pick up of economic growth**

Real GDP growth declined to 1.8% in 2023 mainly due to contracting exports and reduced accumulation of inventories. Private consumption grew strongly in the first half of the year and then slowed down, accompanied by a downward trend in confidence indicators in trade and services. At the same time, in 2023 household deposits increased by more than consumer credit, indicating higher propensity to save.

GDP in Bulgaria is projected to grow by 1.9% in 2024 and 2.9% in 2025. Although private consumption growth is expected to moderate, domestic demand is set to remain the main growth driver.

Serbia's GDP is projected to grow by 2.0% in 2024 and 3.0% in 2025. Although growth in private consumption is expected to moderate, domestic demand is anticipated to remain the primary driver of economic growth. This aligns with regional trends observed in Bulgaria, where GDP growth is projected at 1.9% in 2024 and 2.9% in 2025\*\*\*\*2023 GDP Growth: Approximately 1.8% decline in Serbia due to export contraction and inventory issues.

##### **Wage moderation amidst a tight labour market**

The labour market remains tight, as employment losses in the manufacturing sector are more than offset by employment gains in private and public services. After 2023-Q1 wage growth in key sectors, such as manufacturing and construction, as well as in trade, transport and accommodation services slowed down, as firms have striven to maintain cost competitiveness.

In Serbia, the labor market is currently characterized by tight conditions, yet wage growth has been moderate. The national unemployment rate has decreased to around 9.6% as of early 2024, reflecting a tight labor market where demand for labor exceeds supply in certain sectors. Average wages in Serbia have seen modest increases, with nominal wages rising by about 7.5% in 2023. However, this growth is overshadowed by inflation rates, which have exceeded 10%, resulting in real wage stagnation.

##### **Inflation to decline in line with external prices and domestic developments**

HICP (Harmonized Index of Consumer Prices) inflation continued to decelerate, averaging 8.6% in 2023 and falling to 3.1% y-o-y in March 2024. Energy and food prices had the largest contribution to the broad-based disinflation developments. The lower inflation outlook is

supported by price expectations anchored by the projected aggregate wage moderation and by contained increases in import prices.

Inflation in Serbia, as measured by the Harmonized Index of Consumer Prices (HICP), is projected to decline in the coming months, influenced by external price developments and domestic factors. As of September 2023, the HICP in Serbia has shown signs of stabilization, with the annual inflation rate reported at 10.2%. Future Projectionsing to economic forecasts, HICP is anticipated to moderate further, potentially falling below 5% by the end of 2024, as inflationary pressures ease and the economy adjusts to both domestic and international conditions .

### **General government deficit set to remain close to 3%**

The deficit for 2023 was recorded at 1.9% of GDP, a marked decrease from the 2.9% of the previous year. This was in part due to the late adoption of the 2023 budget, which limited the spending capacity compared to the initially planned budget with an impact on intermediate consumption.

As of 2024, Serbia is targeting a general government deficit of 2.2% of GDP. The budget anticipates a small surplus for the first half of 2024, largely due to better-than-expected revenue performance. There are projections for slightly higher deficits in the coming years, with estimates of about 2.5% in 2025 and around 2.25% through 2027, largely due to increased public investment initiatives outlined in the government's development plan for the Serbia EXPO 2027.