

## Social Innovation in Serbia

Written by Nedeljko Kovacic of [Smart Kolektiv](#)

Social innovation is rather a new concept in Serbia, not widely understood and lacking an accepted definition. Similar to the rest of the region the country is considered to be lagging behind more developed nations regarding this field.

Projects and solutions that can be categorized as social innovation do exist but are not generally recognized as such since there is neither academic instance nor a public body, which would specifically deal with the subject.

According to TEPSIE's working definition social innovations are new solutions that meet social needs while creating new social relationships and capabilities more effectively than existing institutional methods.

The most pressing social needs currently in Serbia are those concerning the issues of widespread poverty, rising unemployment (acutely among the youth), regional disparities and social exclusion of vulnerable groups. The situation is hampered further by high rates of corruption and inefficient public administration so the tackling of these issues by traditional approaches seems to be largely ineffective and unsustainable.

Hence it's mostly CSOs that have created initiatives that could be viewed as socially innovative. Yet third sector's prevalent dependency on grants and lack of social investment prevent most of these organizations from advancing the concept.

However, concerning certain aspects of social innovation practices and policies an increase in the interest in the field beside the NGO sector can be noted in recent years in the private business sector and the government as well. Growth of interest and activities can be seen mainly in the areas of social entrepreneurship, corporate social responsibility and legal framework improvement.

Corporate social responsibility has gained profile in the past decade with many examples of good practice like volunteering and successful social actions, but is still limited chiefly to large international companies.

The most noticed aspect of social innovation in Serbia is the rise of social entrepreneurship, with some 1,600 social enterprises starting up since the concept was introduced a decade ago, addressing social problems through business models. Social entrepreneurship establishes links between sectors which is an innovation in itself in Serbia and offers a means to achieve better social cohesion by providing opportunities to excluded and impoverished parts of the population.

Prospects for developing and improving the capacities for social entrepreneurship are somewhat limited due to a lack of an enabling environment. Social enterprises still struggle to

be treated as a distinct type of business since both legal regulation and banking system are not stimulating enough for creation and expansion of start-up SMEs.

Beside lacking financial support and a more favorable legal framework social entrepreneurship is also in the process of being defined – there is an impression that the concept is not entirely understood even among policy makers though there is a general awareness of its importance. Social entrepreneurs themselves often lack knowledge and experience in the field and there is a significant need for specialized financial and managerial expertise, especially in the third sector.

In a similar manner, the general environment in Serbia is not enabling enough for the development of social innovation in a wider sense. The obstacles that potential social innovators are facing pertain to financial, legislative and cultural factors.

Considering the state of national economy the issue of finance is primarily critical for social innovation. Serbia is undergoing a difficult transition to market economy so the key challenge is to create stable and favorable preconditions for economic growth. Global financial crisis has had a very negative effect and the process of recovery is slow so the current economic situation poses a major constrain on any policy on the development of social innovation.

Legislation is still in the process of reform and despite positive legislative changes in support of entrepreneurship and innovation much remains to be done regarding the improvement of legal framework, specifically on the part of implementation.

The new law on social services provision clarifies the issue of who gets access to social services and welfare, sets standards and criteria that uniformly organize the system on a nationwide level, provides local authorities with budget aid and introduces the concept of social activation, prompting the welfare beneficiaries to get active on the labor market, which is a great innovation in this respect.

A new law on social entrepreneurship that is currently in procedure reintroduces the state as a key player and favors state-founded social enterprises, thus hindering the sector's development.

Some of the key challenges that arise in addressing these issues are caused by cultural factors, inducing a need for a wider mindset change.

The former Socialist system discouraged entrepreneurship while the transition brought further distrust of entrepreneurs, linking the term with the image of corrupt elites. Economic hardship and political culture that puts citizens in a passive position caused an increased lack of empathy and solidarity, even apathy in large portions of society.

Nevertheless, while the terms social innovation and social entrepreneurship are new in Serbia, the values attached to them are not. Serbia has always had high awareness of social issues; the 19th century saw numerous examples of affluent people, particularly wealthy

merchants, setting up foundations aimed at schooling the poor, while traditional agricultural cooperatives later gave way to Socialist-era cooperatives which are mainly still existent though troubled, totalling over 2,000 (most of them agricultural, followed by youth and student cooperatives).

The country has undergone substantial institutional reform in recent years but most of the policies relevant to social innovation are still nascent and both financial and strategic help is prerequisite in order to incorporate this concept as part of the wider system enabling all the sectors to be innovative.

During the 2000s the state-founded Social Innovation Fund presented an excellent opportunity to develop innovations by giving NGOs as well as public services a chance to create and test innovative community services on local levels. This provided an occasion to make interconnections between social services provision and healthcare and education sectors as well as helping several vulnerable groups get better social care and employment. Despite some fine results the Fund doesn't exist anymore due to financial and political reasons.

The biggest opportunities to develop social innovations right now lay in the fields of social services provision (particularly regarding the elderly, with the issue of an aging population looming in the near future) and education (inclusion of targeted groups, adult education and a decrease in school drop outs).

Even though Serbia is still in need of implemented national policies and strategies to promote social innovation and social entrepreneurship, there are many opportunities and a potential for development with an increase in employment and improvement in the overall quality of life as the most important goals. Therefore there is a need to define these concepts and promote them along with good international practices put in local context in collaboration with relevant European networks.

The Delegation of the EU to Serbia contributes to introduction of aspects of social innovation through its workgroups with stakeholders from public and third sector, addressing issues such as social development and community based social services (welfare, healthcare, employment, education and labor), economy and private sector (competitiveness increase and regional development) and antidiscrimination.

What Serbia needs right now in order to develop the field are EU's funding opportunities designed for social innovation, concerning raising awareness of the concept, promoting domestic and foreign examples of good practice (expositions / fairs, capacity building workshops and technical assistance methodologies, field trips, case studies) and networking so knowledge and resources can be exchanged.

Another necessity is a reform of education system, introducing an interdisciplinary approach and putting a stronger emphasis on applied research. There is also a lack of functional links between education and the labor market. Yet another – even most important – issue is the

inclusion and promotion of social innovation in academia and systems of formal education, so that young people could learn in which ways to think to come out in their respective fields of study with innovative solutions to social problems.

What is also needed is more communication and exchange of knowledge and experience between the sectors, which will bear new ideas and plans; otherwise a status quo will remain.

*This summary was prepared with contributions from Neven Marinović, Director at [Smart Kolektiv](#); Žarko Šunderić, Team Manager at [Social Inclusion and Poverty Reduction Unit](#), Office of the Deputy Prime Minister for European Integration to the Republic of Serbia; Ana Milenic, Human rights focal points and Marija Mitic, Project Manager at [The Delegation of the European Union to the Republic of Serbia](#); and Jelena Vasic, Head of the Group for the preparation of projects - Employment Sector, [Ministry of Labour and Social Policy](#)*