Annual National Report 2010

Pensions, Health and Long-term Care

Republic of Serbia

May 2010

Authors: Drenka Vukovic and Natalija Perisic

On behalf of the
European Commission
DG Employment, Social Affairs and
Equal Opportunities

Table of Contents

1 Executive Summary

Based on the Bismarckian principles, with significant modifications during the periods of socialism and transition to capitalism, the Serbian pension system has been faced with substantial challenges since beginning of the 21st century. Some of them are in connection with macroeconomic trends, while others stem from demographic ageing and changes in the labour market, as well as the maturity of the system itself.

The reform processes since 2000 have been directed towards parametric changes of a predominantly public pension system and the introduction of a voluntary private insurance, with strong reluctance to introduce a mandatory private insurance.

Despite the reforms of 2001, 2003 and 2005, aimed at the financial stabilisation of the public pension funds, pensions are still the state's biggest expenditure. At the beginning of 2009, and in the context of the current crisis, the pensions became frozen without any possibility for an increase. This freezing will remain valid during 2010 and is supposed to reduce the share of pension expenditures of GDP. However, it will have negative effects on the social and material security of the elderly population.

The Serbian health system, which is also predominantly public, is characterised by very slow reforms. However, they are urgently needed, especially in the field of financing, which is a critical point for the development of the health system in the future. Other reform aims have been directed towards improving the health status of the population, equal access to health care, improving quality and efficiency, rationalising the network of health institutions and reducing the number of employed. For the most part, these aims, even though officially proclaimed, have not been realised.

The organisation of the system, in which the promotion of health and preventive services are neglected, is complex and inefficient. This area also requires a lot of improvement. The best results in terms of improvement of the system are seen in the management and operation of the Republic Fund for Health Insurance.

Long-term care is not a separate part (or the so-called fifth pillar) of the system of social protection in Serbia. The elements of long-term care are partly presented within the health system, and partly within the system of social welfare. In the current context, better coordination of different levels of financing and organisation could potentially result in a more productive use of existing resources. There are no indications that there will be an integrated system of long-term care in the future. In its strategic documents, the state is oriented towards relying on informal carers – private sector and families, as a supplement to the public provision of long-term care.

Serbia was not spared by the crisis, with numerous negative effects on the Serbian economy, labour market and social protection system. The government prepared an intervention package of economic policy and redefined its programmes of the state benefits for the poor. It also started negotiations with the International Monetary Fund, which would have (at least) medium-term effects on pensions, health and long-term care.

2 Current Status, Reforms and the Political and Scientific Discourse

2.1 Pensions

2.1.1 Characteristics of the existing system and reforms

The most important reforms of the pension system in Serbia were undertaken from 2001 to 2003, by changing the previously valid legislation and enacting a new Law on Old-age and Disability Insurance.[1] The parametric reforms of the PAYG system comprised of: raising the retirement age from 55 to 58 years for women and from 60 to 63 for men; introducing the so-called Swiss Formula for pension indexation, meaning pensions were adjusted in line with the growth in wages and the cost of living; reducing contribution rates from 32% to 19.6%; calculating pensions based on wages earned during the whole period of employment; and tightening the conditions for the effectuation of the right to a disability pension (Vukovic, 2009).

The objective of subsequent legislative changes in 2005[2] was to reduce public consumption and establish an optimal level of macroeconomic stability. Those changes were initiated under the strong pressure of the International Monetary Fund (IMF). Critical voices in the discussions about the proposed changes and dissonances in the attitudes of parliamentary parties resulted in the alleviation of radical requirements and the adoption of compromise solutions. The retirement age was raised by 2 years, which will gradually be implemented by 2011.[3] The changes also affected the way pension adjustment took place, by shifting from the Swiss Formula to indexation according to the cost of living only. The limitation was that the average pension could not be below 60% of the average wage by the end of 2008 (Mijatovic, 2008).

The privatisation of pension funds and the possibility of the implementation of the World Bank's concept of "three pillars" was one of the topics discussed, but not accepted, during the pension reforms in Serbia. The accepted solution of parametric reforms within the system of mandatory insurance (1st pillar) and introducing the 3rd pillar (voluntary private insurance), was followed by deferring the introduction of the 2nd pillar. It was justified by high transition costs, an underdeveloped financial market, deficits in the mandatory insurance fund, etc. The Law on Voluntary Pension Funds and Pension Plans[4], enacted in 2005, regulates the voluntary pension fund organisation and management; establishment, activities and operations of management societies; jobs and obligations of custody banks; competencies of the National Bank of Serbia in terms of supervision; and other issues of significance for the functioning of voluntary pension funds.

Financing. Currently, the system of mandatory pension insurance in Serbia is based on the pay-as-you-go (PAYG) principle. This means that all employed and self-employed persons, members of freelance professions and farmers are obliged to pay contributions

1 The Law on Old-age and Disability Insurance (Official Gazette of the Republic of Serbia, 34/03).

2 The Law on Modifications and Amendments to the Law on Old-age and Disability Insurance (Official Gazette of the Republic of Serbia, 85/05).

3 In 2010, the right to an old-age pension can be effectuated by an insured with 64 years and 6 months of age (for men) and 59 years and 6 months of age (for women) as well as a minimum of 17 years of pension contributions.

4 The Law on Voluntary Pension Funds and Pension Plans (Official Gazette of the Republic of Serbia, 85/05).

to the Republic Fund of Old-age and Disability Insurance.[5] In 2008, the fund had 2,767,415 insured persons, 2,205,489 of them were employed, 328,541 were members of freelance professions and 233,385 were insured farmers.[6] In February 2009, there were 1,609,825 pensioners in total, 1,329,829 of them belonged to the category of formerly employed, 55,226 were pensioners of freelance professions and 224,770 were retired farmers (Republic Fund of Old-age and Disability Insurance, 2010).

The contribution rate based on mandatory pension insurance is 22%[7] and it is equally divided among employee and employer (each 11%). For the insured effectuating the right to reduced years of service, employers are obliged to pay additional contributions. Collecting funds is under the scope of the tax administration, which distributes them to the pension funds and other mandatory social insurance funds. In order to reduce the effects of contribution evasion, in the middle of February 2010, the government decided to refund missing contributions in the period from 1 January 2004 to 31 December 2009. They will be paid by the state budget 2010 and marked as donations for old-age and to the Republic Fund of Old-age and Disability Insurance.

According to the financial plan of the Fund of Old-age Insurance for 2010, the revenues will amount to RSD 471.55 billion (EUR 4.72 billion),[8] out of which RSD 246.57 billion (EUR 2.47 billion) will be covered by contributions, namely contributions by employed, i.e. RSD 226.64 billion (EUR 2.27 billion); contributions by independently employed, i.e. RSD 17.8 billion (EUR 178 million); and contributions by farmers, i.e. RSD 2.13 billion (EUR 21.3 million). Total expenditures in 2010 will amount to RSD 470.71 billion (EUR 4.7 billion). Out of this sum, RSD 463.75 billion (EUR 4.64 billion) will be used to pay pensions and other benefits based on the mandatory social insurance, namely for pensioners from the category of previously employed, i.e. RSD 417.53 billion (EUR 4.18 billion), for self-employed, i.e. RSD 17.24 billion (EUR 172.4 million) and for retired farmers, i.e. RSD 28.97 billion (EUR 289 million). The funds paid by contributors are not sufficient for pension payments, and, therefore, a significant part of the fund's deficit is covered by the budget.

Pensions are the state's biggest expenditure and about one third of total transfers from the budget belong to pensions, despite the reforms of 2001, 2003 and 2005 aimed at the financial stabilisation of the insurance funds. The Law on Budget for 2010 plans a transfer of RSD 215 billion (EUR 2.15 billion) to the Republic Fund of Old-age and Disability Insurance, which is 45.6% of the fund's total revenues. It was planned to transfer RSD 22.9 billion (EUR 229 million) in 2010 for the pensions of retired military

[5] According to the Law on the Military of Serbia, which was enacted on 1 January 2008, about 55,000 military pensioners (eligible based on the Law on the Military of Yugoslavia) will become the members of the Republic Fund of Old-age and Disability Insurance. Because this measure has not yet been realised, military pensioners still effectuate their rights through the Fund of Social Insurance for Military Contributors.

[6] As of 1 January 2008, the Republic Fund of Old-age and Disability Insurance is organised as a unique organisation, integrating the previously independent fund of employees, fund of self-employed and fund of farmers. However, the new fund still has three separate accounts, but the financial consolidation will be completed in 2011.

[7] The Law on Contributions for Mandatory Social Insurance (Official Gazette of the Republic of Serbia, No. 84/04, 61/06, 5/09) defines the following rates: for old-age and disability insurance 22%, for health insurance 12.3% and for unemployment insurance 1.5% – therefore, the total burden for salaries is 35.8%.

[8] Based on the preceding changes in the exchange rate, a decrease in the value of the national currency (RSD) compared to the Euro can be expected in the future as well. On 27 April 2010, the value of EUR 1 was RSD 99.30. For the purpose of simpler calculation, and in order to avoid everyday fluctuations, this report approximates the value of EUR 1 to RSD 100.

employees. In 2008, the net expenditures for pensions accounted for 11.9% of GDP. According to the estimations of the World Bank, freezing pension levels in 2009 and 2010 will slow down the growth rate of an average nominal level of pensions and reduce the total level of pension expenditures as a GDP percentage from 12.7% in 2010 to 11.8% by 2015 and 10.7% in 2020 (World Bank, 2009).

Pensions. The Law on Old-age and Disability Insurance provides for the rights to old-age, disability and survivor's pensions, as well as the right to compensation for personal damage, right to support and care and compensation for costs incurred by the death of an insured (Vukovic, 2009). The right to an old-age pension can be effectuated at the age of 65 for men and 60 for women with at least 15 years of coverage; the retirement age is being gradually increased by 6 months a year from 2007 to 2011. Contributors aged 53 with a coverage equivalent to 40 years (men) and 35 years (women) also have the right to old-age pensions.

There are special privileges for persons who worked in job categories with reduced contributory years. Disability pension can be effectuated when there is a complete incapacity for work until the age necessary for the effectuation of the right to an old-age pension. If disability occurred as a consequence of a work injury or a professional disease, there are no limitations regarding the years of insurance. In order to effectuate the right to a disability pension based on a disease or an injury outside of work, it is necessary to have at least 5 years of paid contributions. The exemptions are those insured below 30 years of age, for whom more favourable conditions in terms of years of insurance exist (1 to 3 years).

Survivor pension can be effectuated by family members after the death of the beneficiary of old-age or disability pension or insured with at least 5 years of service. In case the cause of death is a work injury or a professional disease, the survivor's pension can be effectuated regardless of the years of service. Since 2010, survivor's pension can be effectuated by a widow of 49 years and 6 months of age, provided that she was at least 44 at the moment of her husband's death. A widower can effectuate the right to survivor's pension if he was at least 54 years and 6 months of age at the moment of his wife's death. Children have the right to survivor's pension until they are 15, or 20 if they still attend secondary school. If they go to university, the age limit is 27 at the most. The amount of pension depends on the number of family members eligible for this right and it ranges from 70% for one person to 100% for 4 and more relatives of the pension of the deceased insured.

In February 2010, beneficiaries of old-age pension (899,356) were 56% of the total number of pensioners, while disability (357,445) and survivor's pension recipients (356,024) participated with 22% each. The highest old-age pension payments are in the category of employed (RSD 25,000 – EUR 250) and the lowest in farmers (RSD 8,000 – EUR 80). The lowest average pension payment overall is for survivor's pension – in insured farmers it is only RSD 6,000 (EUR 60). According to the data of the Republic Fund of Old-age and Disability Insurance, an average pension (RSD 19,832 – EUR 198) was 61% of an average salary in February 2010.

Calculation and pension indexation. Since 2003, pensions in Serbia have been calculated pursuant to the so called "German Point Formula": The ratio of a person's wage to the average wage in Serbia in each year of his/her life presents a personal coefficient. The sum of those coefficients is divided by the number of years, months and days taken into account for the calculation, and the personal coefficient obtained in this way is multiplied by the total years of coverage, i.e. the personal point. However, women are

still privileged, in terms that their years of service are acknowledged as 15% higher. Finally, the personal point is multiplied by the general point, which is the same for the whole of Serbia. In April 2003, the value of the general point amounted to RSD 218.30; in October 2008 it was RSD 604 (about EUR 8).[9]

The above mentioned formula was designed with a view to providing a direct relation between the pension amount and paid contributions during the whole period of employment, thus encouraging individuals to stay in employment for as long as possible. In the last five years, the average coverage of pensioners was about 38 years for men and 32 years for women. In 2007, about 40% of old-age pensioners retired with full coverage (40 years). The average length of pension payments was about 13 years for men and 19 years for women.

Adjustment of pensions from 2003 to 2005 was done on a three-month basis according to the so-called "Swiss Formula," i.e. based on the growth of salaries and living costs (each 50%) in the previous trimester. Since 2006, indexation has been done twice a year (1 April and 1 October) with an increase of the share for the living costs. In January 2008, there was an extraordinary adjustment of the pensions and in October of the same year, the pensions were additionally raised by 10%. In January 2009, pension levels were "frozen", without any possibility of further harmonisation and at the end of the year, through the changes and amendments to the Law on Old-age and Disability Insurance, their "frozen" status was prolonged, i.e. valid during 2010. The next adjustment is envisaged to be in April 2011, which is in compliance with the intentions of the government, stated in an agreement with the IMF. "Consistent with the long-term objective of reducing the percentage of pension expenditure of GDP, in case the real growth of GDP exceeds 4%, pensions could be increased by the amount of growth above that limit" (Letter of Intent, 2009).

A guaranteed level of income in old age is realised according to legal regulations on minimum pension payment for old-age and disability pensions, which is determined at the level of 25% of the average salary in the preceding year. For retired farmers the minimum pension is 20% of the average salary in the preceding year.

Voluntary insurance. Voluntary insurance, which is underdeveloped, is realised via private pension funds. Since 2006, the National Bank of Serbia has issued 9 working licences to management societies, "which have been managing the property of ten voluntary pension funds, four custody banks, 113 physical entities and five mediating banks. When buying and selling securities, the managing societies are currently cooperating with 17 broker companies" (National Bank of Serbia, 2010: 7). Insurance companies, banks and pension funds are owners of the management societies. In the third trimester of 2009, net property of the funds amounted to RSD 6.61 billion (EUR 66.11 million), which, according to the Report of the National Bank, is an increase of 66.3% compared to the same period of the previous year, when it was RSD 3.97 billion (EUR 39.76 million). This growth is a result of increased net payments[10] of members, which amounted to RSD 419 million (EUR 4.19 million) in the third trimester of 2009, but also of a realised profit of the funds of 4.94%.

[9] The general point is adjusted twice a year (on October 1 and on April 1). However, in 2009 and 2010 no adjustment is taking place. Its value from October 2008 will be used pursuant to changes in old-age legislation.

[10] Net payments are obtained when fees for incoming and outcoming payments are deducted from total payments.

At the end of the third trimester of 2009, there were 164,025 beneficiaries[11] and 214,390 concluded contracts of membership. In the same period, there were 3,133 new beneficiaries, while 1,652 beneficiaries withdrew their funds from individual accounts. An average amount of capitalised funds per beneficiary is RSD 40,297 (EUR 402), or RSD 48,642 (EUR 486), if we do not take into account the beneficiaries who have never paid contributions. Individual payments account for 19%, payments by employers for 38.9% and payments through pension plans for 42.1% of the totally paid contributions.

The majority of beneficiaries of voluntary pension funds in Serbia are Serbian nationals. In terms of gender, men are prevailing (61.3%), but the reports show that women pay their contributions more regularly. The average age of a beneficiary is 43.3 years, and the majority is between 30 and 40. The right to withdrawing funds (at the age of 53) was realised by 19% of beneficiaries. An average amount of one payment is RSD 62,183 (EUR 621).

The state stimulates additional savings for old age by means of tax exemptions. Therefore, according to the Law on Voluntary Pension Plans and subsequent decisions, since January 2009, there have been no taxes and contributions for monthly payments into voluntary funds of RSD 3500 (EUR 35) or above.

2.1.2 Debates / political discourse – background documents and reforms

The whole process of pension reforms has been followed by various discussions, the results of which are presented in the contents of strategic documents and action plans. After the "democratic changes" in 2000, the changes in the social protection systems were introduced in cooperation with the World Bank and the International Monetary Fund, whose engagement clearly influenced the contents and trends in the pension reforms.

Serbia does not have a special strategy on pension system reforms, but the aims of changes are presented within the Poverty Reduction Strategy Paper (2003). They are defined in the following way: "provision of stable and sufficiently high pensions for all; creation of a financially viable pension system; increase in local savings and acceleration of economic development; improvement of the equity of the pension system and extension of the options for choice by the pension-insured persons […] The pension reform of the public system should yield to the financial consolidation of the existing pension funds, primarily the fund of the employees, while the setting up of the private pension insurance should ensure additional pensions and savings for more rapid economic growth, as well as a long-term viability of the pension system in the unfavourable demographic conditions" (Poverty Reduction Strategy Paper, 2003: 124).

The strategy provides for the introduction of private pension funds based on individual savings and capitalisation, as an addition to the public system of "inter-generational solidarity". Measures for the "stimulation of working activities" of the elderly include: increasing the retirement age; voluntary postponement of retirement, even despite eligibility; continuing employment even after retirement; increasing pension amounts, etc. Two reports on the strategy implementation issued by 2009 include situation analyses in the field of pension reforms and their effects on poverty.

[11] Number of beneficiaries is the number of persons who are members of a voluntary pension fund (or funds). This number is smaller than the number of member accounts (contracts of membership), since a significant number of individuals have more than one contract on membership in the same or different funds.

The National Strategy of Ageing (2006–2015) provides for the creation of conditions for "flexible and gradual retirement" in order to enable older workers to remain in the labour market for as long as possible and to increase employment and decrease unemployment rates of people over 50.

The National Strategy of Sustainable Development (2008–2017) presents some strategic aims regarding the demographic changes and social protection systems. In the area of population policy, they are defined in terms of preventing unfavourable demographic tendencies and taking the ageing policy into account in every aspect of the development policy. Furthermore, the aims of the development of the social protection system are, inter alia, improvement of the efficiency component of this system and the provision of a higher level of social security for the beneficiaries of the systems of social insurance, social welfare and child care. The action plan for the strategy implementation determines in more detail the objectives, measures, institutions and partners for the implementation of planned activities, the deadlines and the planned resources.

Discussions held during 2009 and 2010 are a result of efforts to find solutions that help reduce public expenditures and pensions pursuant to the measures of strict budgetary limitations. In the documents of the government, international institutions and organisations, unions and employers, an important focus is on the measures of financial consolidation of insurance funds, applying stricter conditions for effectuation of rights and eliminating privileges for certain groups of insured. In this part of the Annual Report there is a summary of documents, publications and debates according to their contents and importance.

The Letter of Intent of the Government of the Republic of Serbia was released in December 2009 and contains the presentation of a programme agreed with the IMF, as well as results achieved in the field of macroeconomic stability and other fields. The planned deficit in the budget is 4% of GDP in 2010; the letter envisages a reduction of the number of employed in public administration by 10% and the freezing of pension and salary levels in the public sector. The letter highlights the government's commitment to "perform key reforms in the fields of pensions, education and health". Other unintended social transfers are also frozen, but it is expected that the social expenditures will grow, due to increase in the number of poor people during the crisis.

The Government also expressed its commitment to reform the pension system in the light of negative demographic trends (population ageing) and deficits in the pension funds. As reform measures, the following are mentioned: (i) increase in the minimum retirement age for old-age pensions from 53 to 58 years for men and women, (ii) strict limitations of professions with the right to reduced years of service, (iii) longer effective contribution periods for women, and (iv) a tightening of survivor's pension entitlements. The changes will be introduced gradually and it is planned to complete implementation of the new law by 2020. The government prescribed measures for more effective contribution collection, including record-keeping of all social insurance contributors in a unique central registry.

The Social Protection Plan was adopted in August 2009, as a reaction to increasingly frequent strikes in privatised companies, during which the state was requested to pay the social insurance costs on those occasions where the employers did not make contribution payments on a regular basis (2005-2009). In order to prevent further problems, special measures of control were envisaged, directed towards the prevention of paying salaries without paying contributions. The government also took on the obligation to pay for health insurance contributions "for all employees whose employers failed to pay

contributions, in order to enable the employees to have their health care booklets" (Social Protection Plan, 2009: 7). In the case of the most vulnerable employees, who did not obtain their salaries for months, it was envisaged to give them a lump-sum assistance in the amount of RSD 5,000 (EUR 50), as well as certain privileges for the payment of electricity bills. There are special measures for strengthening social dialogue and forming "a true partnership" with trade unions and employers.

The report *Serbia: How to Do More with Less – Confronting the Fiscal Crisis via Increased Productivity of the Public Sector* was done by the World Bank at the request of the Ministry of Finances of the Republic of Serbia in June 2009. The key issues in the study refer to the fiscal crisis and changes in the pension system, health, education, social assistance, subsidies for companies, roads and railroads. Proposals for the pension system reforms are as follows: (i) freezing nominal pension levels by 2010 and connect the indexation to the inflation; (ii) gradual introduction of the minimal age and reduction of early retirement, (iii) increasing the retirement age for women, (iv) improving harmonisation and administration.

In the conclusion, the following is stated: "The government will additionally have to develop the private pension sector. Along with population ageing, the public system will not be able to be generous to pensioners. Those who want something more in their old-age than what is provided by the public system will have to make additional savings. The government can help, by means of providing instruments for such savings, as it did in the case of private pension systems, as well as through privatisation and monitoring of savings, in order to increase their security" (World Bank, 2009: 21).

The Conference on Pension Reforms in Serbia – from International and Regional Aspects was held in Belgrade, Serbia, on 24-25 September 2009 organised by the ILO's Sub-Regional Office for Central and Eastern Europe. The aim of the conference was to view the possibilities of increasing the efficiency of social welfare, consistent with the National Programme of Labour for the period 2008-2012. Starting from the facts regarding the negative effects of the crisis, population ageing in the European countries and the need to create a sustainable pension system, the organisers highlighted that reaching a tripartite consensus is a prerequisite for successful reforms.

In 2009, changes and amendments to the Law on Old-age and Disability Insurance were prepared. However, they are still under discussion among social partners. In the public debate, it was highlighted that the reform process will be directed towards longer employment before retirement. This means an increase in the minimum retirement age, prolongation of the period of required service years for women (instead of the announced equalisation of the retirement age with men), changes in the effectuation of the right to survivor's pension, etc. There is also a proposal regarding changes in the way and dynamics of pension indexation and calculation.

2.1.3 Impact assessment

Pension reforms and discussions on decreasing pension expenditures were an integral part of discussions about the effects of the global economic crisis in Serbia. Part of the planned measures was realised in 2009, but some of the envisaged changes were interpreted in different ways. At the beginning of 2010, it was clear that the system will be reformed pursuant to the agreement made with the IMF and recommended guidelines of the World Bank. In the following period, it can be expected to obtain more comprehensive analysis of proposed measures and their anticipated effects.

Risk factors. Pension reforms in Serbia are mainly determined by demographic changes and negative trends on the labour market. General characteristics of the demographic development are a constant drop of the number of inhabitants and an increasingly prominent population ageing. According to the data from the population census of 2002, negative population growth is present in almost all municipalities, while the average age is 47 years, and 16% of the population (1,240,000) are over 65. The process of population ageing will continue in the 21st century and the number of persons over 65 will increase by one third by 2052, when the share of the elderly in the total population will reach 27%. In the same period, persons under 15 will represent only 12% of the population. Negative effects of ageing in the following decades will present a significant burden for younger generations, potentially limit economic growth and cause difficulties in paying pensions and other benefits.

Problems in the economy and negative trends on the labour market have resulted in a decrease of the economic activity rate (to somewhere below 50%), which means unemployment growth. According to the Labour Force Survey, in recent years, total employment ranged from 2.6 to 2.8 million, and in the first half of 2008, its most modest growth was recorded. An important number of working age people have worked in the grey economy (23%), without effectuating their rights based on social insurance. The risk of staying without a job was especially present in the population of older workers (aged 55-64) – their employment rate in 2008 was 7% lower compared to the general employment rate. The employment rate of persons over 65 was 11.4% in 2008, and stimulating measures for employing older workers have had weak effects in practice.

In April 2008 (the Labour Force Survey 2008) 2.65 million people were employed (54%) and 432,730 unemployed (14%). The majority of the unemployed are generally young people, persons without any qualifications, women and elderly persons who lost their jobs during the privatisation process. The majority of the unemployed (about 70%) have to wait for reemployment for long periods. Not many funds are devoted to active labour market measures. Compared to the EU member states, the situation in the labour market in Serbia is far less favourable, and achieving the Lisbon objectives in the specified period could be almost impossible.

Underemployment directly affects the financing of the system of inter-generational solidarity, and the dependency ratio is increasingly unfavourable. The measures of parametric reforms are directed towards strengthening the financial sustainability of the pension funds, but with uncertain effects.

According to some estimations (Mijatovic, 2008), as a result of the reforms of the PAYG system, an average pension will accumulate 50–60% of an average wage in two consecutive decades, but mechanisms for guaranteeing minimum pensions over the poverty line (up to 30% of average wage) should be provided. Requests of the Pensioners' Party regarding increasing pension amounts and their adjustment according to wages are not realistic, since it is projected that budget donations for pensions will be reduced from 2011.

Table 1: Hypothetical net replacement rates according to gender (2007, in % of the last wage)

	Years of service								
	15	20	30	35	36	37	38	39	40
Men	27.1	36.2	54.3	63.3	65.2	67	68.8	70.6	72.4
Women	31.2	41.6	62,4	72.4	72.4	72.4	72.4	72.4	72.4
Difference for women	4.1	5.4	8.1	9	7.2	5.4	3.6	1.8	0

Note: An employee with constantly average salary.
*Hypothetical net replacement rate = net pension in the year of retirement which would be effectuated by an average employee (personal coefficient 1) with 40 years of coverage (personal point 40 * general point) / net average salary in the previous year.*
Source: Quartal monitor no. 14 (FREN, 2008: 71)

The calculation formula provides for a 15% increment of insurance coverage for women (up to 40 years of coverage). Thus, the formula is beneficial for women because it neutralises "previously existing differences in their salaries and insurance coverage and actually encourages them to remain in the labour market [...] The greatest stimulus is for women retiring with 35 years of coverage" (FREN, 2008: 72).

Research into the effects of pension reforms in Serbia and possibilities for overcoming the observed problems were given high priority in the working agendas of relevant research institutions and organisations. Analysis of Reforms in Serbia (by the Centre for Liberal-Democratic Studies, 2008) locates the main problems of the functioning of the pension system in the high proportion of GDP spent on pensions and the increase in the dependency ratio (1.6:1). The analysis stresses "four options" (not to do anything; to further change parameters of the existing system in a more restrictive direction; to reform it pursuant to the World Bank's model; and to capitalise the existing system) and points to their applicability in Serbia. Authors of the study belong to the group of researchers who had the leading role in the process of creating social reforms in the previous period. Therefore, the proposals could have an impact on future changes.

Social pensions, i.e. the provision of a minimum level of financial security in old age, are also an important issue in the discussions about the problems in the pension system in Serbia. The study Oni ne mogu da cekaju - They Cannot Wait (Sataric, Rasevic, Miloradovic, 2008) points to poverty and an inadequate level of pensions in old age. The relevance of the issue and seriousness of the problem ensured the support of the European Commission and UNDP in the production of the study and presentation of its results to government bodies and the civil sector. International institutions and representatives of competent ministries had a significant role in the creation of final recommendations, which could potentially be important, as regards their realisation and introduction of a special allowance for the elderly living below the poverty line.

Low levels of minimum and average pension, the increasing gap compared to the average wage, strict criteria in the system of social assistance and high poverty rates, introduced the discussions about "social pensions". Poor elderly people are in favour of introducing special mechanisms of financial support to those over 65 without pensions or with only low pensions.[12] The optimal amount for "social pensions" would be about

[12] These are the results of research carried out by the NGO Amity in October 2008 on a sample of 1,021 persons over 65 without income, i.e. with income under RSD 6,500 (EUR 65), living in the territory of Serbia (without Kosovo and Metohija).

RSD 12,000 (EUR 120) and would be paid from the state budget. It is not likely that such a programme of financial support to poor elderly persons, will be introduced in the future.

In 2009, a special attention was paid to the analysis of possibilities for the introduction of a mandatory private pension system in Serbia. The conclusion of a study prepared by a team of researchers of the Centre for Liberal-Democratic Studies from Belgrade is that there are no preconditions in Serbia for the introduction of the 2nd pillar and that the focus of the reforms should be the issues of further changes in the public system. The economic crisis and problems in countries which privatised their pension funds (Vukovic, Arandarenko, 2009) justify that position and, therefore, it can be expected that there will be no radical changes of the Serbian pension system, in terms of its privatisation.

The participation of the elderly in the labour market is seen within the context of the position of vulnerable groups (Krstic, 2010) and difficulties regarding finding employment. The strategic orientation of the government is to promote the working activity of older workers (aged 50-64) and pensioners. Negative trends in the labour market have increased the risk of staying without a job of the elderly and magnified difficulties for them when it is necessary to find another job. After retiring, the majority of elderly workers are engaged in agriculture, while the participation of those working for salaries is very weak. A programme called Severance to Job was directed towards quicker employment of people who lost their jobs during privatisation (2007-2009). In 2009, 436 persons realised the right to subsidies from the funds of the Austrian Agency for Development (ADA) and the government, amounting to a total of RSD 53.25 million (EUR 532,500).

Promoting employment of elderly workers and effectuating their rights within social insurance is also realised through stimulating measures for employers in terms of tax and contribution exemptions.[13] The economic crisis represented a limiting factor of the effects of this programme, so that the total of 3,704 beneficiaries in 2009, included 432 persons aged 45-50 and 1,169 persons over 50 (Krstic, 2010: 48). The social position of elderly workers was also influenced by the changes in legislation[14] by reducing the amount of cash benefits and the maximal duration of payments. The above mentioned, as well as other conclusions of the study are directed towards the creation of labour market programmes, and it is realistic to expect their implementation, bearing in mind the fame of the institution that compiled it, i.e. the researchers and international organisations which financed the project (such as the UNDP).

2.1.4 Critical assessment of reforms, discussions and research carried out

Realisation of the OMC objectives. The process of accession and association of Serbia to the European Union (EU) has been accompanied by many changes, for the purposes of fulfilling the criteria prescribed by the Lisbon Strategy. Recommendations regarding the application of the Open Method of Coordination (OMC) in the area of pensions include three basic aims: adequate retirement incomes for all; financial sustainability of public and private schemes; and transparency and suitability to the needs. Compared to

[13] Law on Contributions for Mandatory Social Insurance (Official Gazette of RS, 84/2004, 61/2005, 62/2006) and Law on Income Taxes (Official Gazette of RS, . 24/2001, 80/2002, 135/2004, 62/2006 i 65/2006).

[14] Law on Employment and Employment Insurance (Official Gazette of RS, 36/09).

other countries, Serbia is late with the production of a strategy on social protection and social inclusion (European Commission, 2008) and an action plan.

The PAYG system does not cover the whole elderly population. According to some estimations (Sataric, Rasevic, Miloradovic, 2008), about 400,000 persons over 65 do not receive any pension or secured monthly income. A certain number of persons who are not eligible to receive pensions did actually work previously, but not for long enough to meet the criteria regarding the minimum years of coverage (15 years of coverage). Restrictive reform measures resulted in changing the amount of pensions and wages, and, therefore, more and more pensioners (about 50%) receive minimum pensions or pensions below the average. The beneficiaries of disability and survivor pensions, retired farmers, women, refugees, ethnic minorities (Roma) and internally displaced persons (IDPs, 250,000) are especially exposed to the risk of poverty.

Table 2: Ratio between average pension and average net wage (employed)

Year	Net wage		Average pension		Ratio to wage
	In RSD	In EUR	In RSD	In EUR	
2001	5,381	90	4,865	82	90%
2003	11,500	177	8,109	123	70%
2005	17,443	210	11,650	141	67%
2006	21,707	258	13,406	159	62%
2007	27,759	347	14,996	187	54%
2008	32,746	401	19,386	238	59%

Source: The Republic Fund of Old-age and Disability Insurance (2009).

Adequacy of incomes. Measurements of poverty in Serbia (the Living Standard Measurement Surveys of 2002 and 2007) show a decrease in the general poverty rate (from 10.6% to 6.6%). However, the risk of poverty remains at a high level in the population of the elderly. In 2002 and 2007 the elderly represented 25.1% and 25.3% of the poor, respectively. Especially vulnerable are elderly people who are not covered by the pension system, those without family support, those living in rural areas, and females. According to the results of the Living Standard Measurement Survey (2007), the poverty rate of the elderly is high (9.6%) and well over the Serbian average of 6.6%.

In the structure of beneficiaries of social assistance, the pensioners have the lowest share. In the period 2002-2007 their number was significantly reduced. Social assistance decreases the poverty risk, but it does not guarantee an adequate level of material security in old age.

Information and transparency. A significant shortfall in the functioning of the PAYG pension system, as well as in the work of funds in Serbia, is the result of low efficiency levels, high administrative costs, lack of data, etc. The decision to integrate the funds (the employee fund, the self-employed fund and the farmer fund) was justified, inter alia, by the facts relating to cost-cutting and increasing awareness of interested parties. It is hard to realistically evaluate the functioning of the new fund, because it was established not so long ago and there are no special analyses about its work. Representatives of unions, employers and the state are members of the managing and supervisory boards of the fund.

The National Bank of Serbia (NBS), as a supervising body for the managing societies of voluntary pension funds, concerns itself with the transparency of the work and the

system of risk management. "The transparency of voluntary pension fund operations shall be accompanied by adequate transparency of the creation of normative conditions and the supervision of the National Bank of Serbia, with a view to fostering the relations of mutual trust and enabling expert, academic and general audiences to monitor the processes."[15] The NBS also regulates the issues of electronic sending of data and expert examinations to inform members of voluntary pension funds, as well as publishing brochures.

Critical overview of reforms in 2009. Essential issues regarding further reforming of the Serbian pension system refer to longer work engagements of the employed, increasing the retirement age, equalising conditions for men and women, tightening conditions for eligibility to survivor's pension, changing the indexation method, etc. In case these measures are adopted, current and future pensioners will have worse living standards and will have to provide additional sources of income in old age.

Proposals of changes, with a view to equalising the retirement age for men and women were a seriously contested topic. It was a subject causing strong disagreement among the coalition partners in the government. Public debate on the new law on old-age and disability insurance (Glas osiguranika, 2010) shows that the proposal of a retirement age for women of 65 will be withdrawn. However, changes in terms of the minimum age for early retirement are discussed (from 53 to 58). This would primarily affect women who started to work at the age of 18. They would not be able to effectuate their pension rights with 38 years of service and 56 years of age, but would have to work for two additional years. This change does not affect men, who, with the minimum age for early retirement age of 58, will meet the condition regarding the years of service (40). Therefore, it seems justified to avoid "punishing" women by raising their minimum age for early retirement to 56.

Changes with a view to equalising the minimum age for men and women are also aimed at balancing pension amounts and paid contributions. According to current regulations, the years of service for women are calculated as 15% higher – without this "add-on", women would have significantly lower pensions. Women in Serbia live longer than men and they are the majority of beneficiaries of survivor's pensions, which is the pension with the comparatively lowest payments. Changes in the law with a view to increasing the age limit for eligibility to survivor's pension to 53 for women and 58 for men would bring additional problems regarding the possibility of the widow/widower to find an employment after their husband/wife's death.

Elimination of privileges for a certain number of beneficiaries effectuating the rights based on reduced years of service seems justified. For those working in jobs dangerous to their health, the privileges regarding the minimum retirement age should stay. In other cases, the law should clearly mention the conditions and type of work that make somebody eligible. The importance of this issue is shown by the fact that discussions about it dominated in the negotiations of trade unions.

Providing an adequate income in old age stands in direct connection with the indexation method applied. However, "freezing" pensions is the fastest method of reducing budgetary expenditures (Vukovic, 2009), and is currently applied in Serbia. The adjustment of pensions with the living costs seems acceptable, provided that the inflation rate is low, the salaries grow slowly, and that the pension payments are already high. A solution where the indexation of pensions are based on salaries and living costs is

[15] http://www.nbs.rs/internet/english/62/index.html.

currently more acceptable for pensioners in Serbia, since the transition to its adjustment based on inflation only would mean a reduction in the net replacement rate of up to 40%. In the long run, public reforms, in the direction of limiting indexation to statistically and officially registered increases in salaries and living costs would mean that the pension system does not provide an adequate level of living standard in old age. Almost the same arguments are valid for proposals regarding changes in the indexation of the general point (World Bank, 2009) which is used for the calculation of pensions.

On the whole, solutions for the challenges the Serbian pension system faces could be found by eliminating many problems in the economy, by economic development, by increasing employment, by more efficient controls over paying contribution payments and by lowering administration costs. Increasing revenues based on contribution payments brings the reduction of budgetary expenses for pensions and the financial stability of pension funds.

2.2 Health

2.2.1 Characteristics and reforms

Organisation of health care. The health system in Serbia is mandatory, but the law also provides for an introduction of a voluntary health insurance.

The health care sector is organised through a network of public health care facilities, which are the dominant health care service provider, and private facilities, whose activities are steadily expanding.

Public health care facilities, which numbered 301 in 2008 (Institute of Public Health, 2009), are organised based on the levels of protection into primary, secondary and tertiary care. The primary health care facilities are controlled by municipal authorities, and the secondary and tertiary care facilities by the state, the provinces and the city of Belgrade.

Primary health care facilities (health centres, pharmacies, surgeries) experienced the biggest quantitative change: from 58 health centres in 1997, their number grew to 116 in 2008 (Institute of Public Health, 2009). This growth, however, is a result of the process of health system decentralisation and acquisition of independence of health centres in relation to institutions of a higher rank of protection. Health centres, based on the municipal principle, are controlled by one or several municipalities with more than 10,000 inhabitants. They offer preventive health services, general practitioner services, emergency care, health services for children and women, laboratory and diagnostic services, dental services, and services of occupational medicine.

The most drastic changes were made in dental services, in that the public sector now covers only children's and preventive dental care. Mandatory insurance does not cover the costs of dental services for adults, who are supposed to use services in private practices, which has been developing very fast. As a result, the number of employed in dental services since the reforms of 2005 has been significantly reduced.

Secondary health care facilities (general and special hospitals) offer services of hospital care, based on referrals of doctors from primary health care facilities. General hospitals comprise of several specialist services – mainly internal medicine, surgery, orthopaedics, anaesthesiology, gynaecology, paediatrics, psychiatry, physical medicine, etc. Contrary to general hospitals, special hospitals offer services of hospital care for special groups of

the population or special types of diseases. In 2008, there were 128 secondary health care facilities in Serbia. All together they had 40,908 beds (5.6 beds per 1,000 inhabitants), the average occupancy rate was 74.73%. Hospital days amounted to 11.15 million and an average length of treatment was 9.19 days (Institute of Public Health, 2009).[16]

Tertiary health care facilities (clinical centres, clinics and institutes)[17] offer highly specialised specialist consultative health services, inpatient and dental care; they are involved in university education and scientific research activities. The majority of tertiary health care facilities were created by the transformation of general or special hospitals into clinics and institutes, and in Serbia "it is considered that these institutions provide the best possible care in the country" (European Commission, 2008: 141).

On 31 December 2008, the health care system employed 114,317 employees –26,591 health workers and associates with university degrees, 60,668 (77.7%) medical doctors, 2,300 (8.6%) dentists, 2,019 (7.6%) pharmacists; and 1,604 (6%) others (Institute of Public Health, 2009). The number of people employed in health facilities is steadily increasing. There is also a positive trend regarding the change of the proportion between administrative and health care employees. In 2007, 64% of employed doctors were women, aged 45-55, and the greatest number of doctors (two fifths) worked in inpatient institutions (Institute of Public Health, 2007).

The organisation of public health care services and their functioning presents a problem, in terms of clear division of care levels and a lack of systematic differentiation between them. In practice, this leads to the creation of complex organisations in which clinical approach dominates, while health promotion and preventive services are neglected. Therefore, the basic reforms have been directed towards changes in the division between the sectors, for the purpose of reducing expenditures for inpatient treatments and prioritising preventive services.

The private sector exists in parallel with the public, i.e. private and public health facilities are not integrated. The number of private health facilities is estimated to be 5,000 (Republic Fund of Health Insurance, 2010). Bearing in mind the problems in the functioning of public health services and their consequent impact on the health situation of patients, insurance companies in Serbia have offered different schemes of private health insurance. The Regulation on Voluntary Health Insurance of 2008 regulates the types, conditions, ways and procedures of organising and functioning of voluntary health insurance. It was legally established that a private practice can be organised as a physician's or dental surgery, poly-clinic, laboratory, pharmacy or an outpatient unit for health care and rehabilitation.

Health financing and management. In total government spending, expenditures for health care come second straight after expenditures for pensions. In 2008, public expenditures in health care amounted to 5.7% of GDP, and in 2009 to 5.6% of GDP. Projections for the period until 2012 indicate a negligible drop in the share of expenditures for health to 5.4% (in 2010 and 2011), and 5.3% of GDP in 2012 (Ministry of Finances, 2009).

Funds for financing mandatory health insurance are provided through contribution payments by employers and employees (at the rate of 12.3%), but also from budgetary

[16] Compared to 1998, when there were 48,302 beds (Republic of Serbia Statistical Office, 2009), in 2008 their number was reduced, as a result of the trend and the need to decrease expenditures.

[17] There are four clinical centres, six clinics and 16 institutes in Serbia (Institute of Public Health, 2009).

and other sources (for example co-payments of patients)[18], which all together form the revenues of the Republic Fund of Health Insurance.

According to the data of 31 December 2009, mandatory health insurance covered 6.78 million insured.[19] They included 2.95 million employed persons, representing 43.6% of the total number of insured, and 1.84 million pensioners (27.14%). Funds for health insurance of 1.2 million persons or 17.83% (for unemployed, refugees, internally displaced persons and others) are provided by the budget (Republic Fund of Health Insurance, 2010).[20]

The collection of funds for health care has been stabilised in recent years. Moreover, expenditures for health care per person have increased from EUR 91.90 in 2001 to EUR 254.50, which was projected for 2008 (European Commission, 2008). This trend was interrupted in 2009, when a cut in health expenditures by 15% was announced, as a consequence of reduced inflow of contribution to the Republic Fund of Health Insurance following the crisis. The Financial Plan of the Republic Fund of Health Insurance for 2010 envisages total revenues of RSD 186 billion (EUR 1.86 billion) – a dominant part of the revenues is based on contributions (RSD 129.5 billion, i.e. EUR 1.29 billion), and the remaining part is based on budgetary transfers (RSD 788 million, i.e. EUR 7.88 million), transfers from the mandatory social insurance organisations (RSD 54 billion, i.e. EUR 540 million); the so-called other revenues are predicted to be RSD 1.75 billion, i.e. EUR 17.5 million. During the first two months of 2010, revenues of RSD 25.77 billion (EUR 257 million) were realised. In the same period, the expenditures were RSD 25 billion (EUR 250 million) contrary to the RSD 21.99 billion (EUR 219 million) during the first two months of 2009, i.e. increased by around 14% (Republic Fund of Health Insurance, 2010).

The revenues of the Republic Fund of Health Insurance finance the salaries for the employees in the health care sector as well as the costs of public health facilities maintenance and health care costs.[21] The structure of the revenues of the Republic Fund of Health Insurance in 2008 showed almost half of the revenues (46%) were directed towards paying salaries for 104,000 people employed in health, 38% was for health care costs, drugs, consumables and other materials, implants and devices, 11% for prescription drugs, 3% for sick-leave benefits and travel allowances, and 1% for salaries of those employed in the Republic Fund of Health Insurance and other expenditures (Ministry of Health, 2009). The smallest expenditures are for preventive care, while about 33% and 63% of expenditures go to primary and secondary care respectively (European Commission, 2008).

Along with providing funds for mandatory health insurance for persons without income, the state budget finances the costs for the construction of new health facilities, and the adaptation and reconstruction of facilities in the state's property, as well as costs of

[18] There are exemptions regarding co-payments – ie. for people over 65, disabled, pregnant women, children, etc. Based on changes of 2009, unemployed and beneficiaries of material assistance also do not pay co-payments.

[19] It is estimated that the population of Serbia in 2008 was 7.35 million (Institute of Public Health, 2009).

[20] From the point of view of age structure, 1.3 million insured are younger than 20; 1.33 million are 20-35 and 1.33 million are 36-50. There are 1.48 million insured between 51-65, and 1.33 million over 65 (Institute of Public Health, 2009).

[21] Health care costs comprise of outpatient/polyclinic, hospital and spa treatments, as well as other medical care and treatments (medicines and medical agents).

equipping them. Health care programmes for population groups who are especially exposed to the risk of becoming ill are also financed through the state budget.

Private health care facilities are not part of the system of mandatory insurance, which means that private health services have to be paid for independently. There are no official statistical data about expenditures for the private sector. Indirectly, they can be evaluated through data on household consumption, surveys, estimated turnovers and reported incomes by the private health facilities. According to some estimates, they amounted to between EUR 220 and EUR 260 per capita in 2007 (European Commission, 2008).

Apart from co-payments to be paid to the public health facilities, and payments for private health services, citizens also pay (finance) for so-called non-standardised procedures that could be offered by public facilities, as well as medicines (which are not on the positive list and/or those they administer to themselves without prescription). In the media, there are frequent scandals in connection with the corruption in the health system or insinuations to corruption of the medical profession in general.

Essential changes to the way health care is financed have not been introduced for now. However, important political actors in the society actively promote the introduction of new models of health financing, such as: stimulating capitation in primary health care and financing based on diagnostic groups in secondary and tertiary health care. Voluntary health insurance, and additional work and partnership between public and private sectors are seen as desirable directions of development in health care financing.

Rights and benefits. Normative regulations of health care envisage equal access and non-discrimination in using services, treatment and rehabilitation of patients, and the Constitution guarantees that "every person has the right to protection of their physical and mental health" (article 68). The document Better Health for All in the Third Millennium of 2003 starts with stating the need to provide the population with a health care system based on equal access to health services, modern technology and state-of-the-art methods, supported by efficient preventive and promotional activities in all relevant state sectors.

The Law on Health Protection of 2005 defines in more detail the principle of availability of health services in Serbia. "The principle of availability of health protection is realised by providing adequate health protection to citizens of the Republic of Serbia, which is physically, geographically and economically available, as well as culturally acceptable, and especially health protection at primary care level" (article 19).

The Strategy of Improvement of Health Protection Quality (2009) provides for fair and equal access to services "for all users with certain health needs, regardless of the differences based on their gender, ethnicity and race, disability, socioeconomic characteristics and place of living". In order to improve availability and accessibility, the following measures have been provided for: improving the cooperation between the Ministry of Health and the Ministry of Labour and Social Policy; education and training of employees; identification of especially vulnerable groups in local communities; and evaluation of needs and generation of local plans.

The mandatory health insurance enables the effectuation of the following rights:

- health protection;
- compensation of salary during temporary disability for work of insured and
- compensation for travel costs in relation to effectuating the right to health care.

Effectuation of these rights depends on the years of service, which is innovative compared to previous legislation. The motivation for this limitation is a more and more prevalent attitude of decision-makers to make stronger connection between content and scope of rights and available funds.

Public health. Negative effects of political, economic and social crises during the 1990s in Serbia and demographic changes in terms of population ageing, have had a strong impact on the health situation of the population and on life expectancy, both for men and women. Life expectancy in 2008 showed a slight increase in total and was 73.65 years, 71.06 years for men and 76.23 years or women, with persistent and significant regional variances.

The leading causes of death are similar to those in other countries and about 100,000 persons die per year – the mortality rate per 1,000 inhabitants is 14. In 2008, chronic non-communicable diseases caused 85% of all deaths. Cardiovascular diseases and malignant tumours were dominant in the structure of all causes of death in Serbia. Leading risk factors are smoking, hypertension, alcohol, obesity, bad eating habits and physical inactivity. The health status of the population is dependent on the socioeconomic situation with significant regional variances, as in the case of life expectancy (Institute of Public Health, 2009).

2.2.2 Debates / political discourse – background documents and reforms

Basic reform directions were determined in 2002 by enacting the documents on Health Policy of the Republic of Serbia and Vision of Health Protection Development and the Strategy and Action Plan of Health System Reform by 2015. In the following years, the most important systemic laws were changed: the Law on Health Protection and the Law on Health Insurance (2005), as well as the Law on Chambers of Health Workers (2005), the Law on Medicines and Medical Agents (2004), and a series of sector laws.[22] Health care has a prominent place in various multi-sector strategies, such as the Poverty Reduction Strategy Paper (2003), the Strategy for Youth (2008), the Strategy of Prevention and Protection of Children from Mistreatment (2008), and the Strategy of Sustainable Development (2008).

The Ministry of Health of the Republic of Serbia has realised a great number of projects with a view to improving the health system and implemented various programmes in cooperation with and supported by international institutions (World Health Organisation, World Bank, European Agency for Reconstruction and Development). The National Strategy for Fighting HIV/AIDS (2005), Strategy for Developing Health of Youth in the Republic of Serbia (2006), Strategy for Mental Health Development (2007), Strategy for Tobacco Control (2007), Strategy of Continuous Improvement of Health Protection Quality and Patient Safety (2009), Strategy for Fighting Drugs in the Republic of Serbia 2009-2013 (2009) and Strategy of Public Health in the Republic of Serbia are some of those projects.

In the context of efforts of the Ministry of Health directed towards changing the existing way of financing, in terms of more efficient and rationale usage of existing funds, the projects *Support to Introduction of Capitation into the Primary Health Care in Serbia*,

[22] The Law on Health Protection, the Law on Health Insurance, The Law on Chambers of Health Workers (Official Gazette of RS, no. 107/05), the Law on Medicines and Medical Agents (Official Gazette of RS, no. 84/04).

financed by the European Union and Development of Health Care in Serbia II financed by the credit of the World Bank are in progress.

In health policy documents, an emphasis is made on issues such as: conditions for improving health protection of vulnerable groups; level of services in the area of public health; health care quality; more equal development of the health system; and the enactment of regulations for the functioning of the private sector. The final aim of these and other measures is the construction of a system in which the "user-patient" is at the centre of health care.

The *Strategy of Continuous Improvement of Health Protection Quality and Patient Safety* is aimed at the reduction of "unequal quality of health care; unacceptable level of variances in health outcomes; inefficient usage of health technologies; waiting times for medical procedures and interventions; dissatisfaction of users with health services; dissatisfaction of people employed in the system of health protection; and costs resulting from bad quality. The introduction of a "quality culture" defines new roles for users and service providers and a special role for management. Building on the European trends, the strategic aims of high-quality health care are mentioned as follows: orientation towards the user-patient; safety; efficiency; effectiveness; and fairness.

The *Strategy of Public Health of the Republic of Serbia* defines actors of the public health policy and activities, identifies current and potential problems in its implementation and establishes the principles and preconditions for the realisation of public health aims (responsibility of the state and society for health; all forms of partnership for health; orientation towards the population and population groups; orientation towards local communities; intersectoral and multidisciplinary approach; and socioeconomic determinants and risk factors). The strategy is followed by an action plan for the period 2009-2013.

In the previous and this year, drafts of the *Strategy of Primary Health Care* and the *Law on Public Health* have been prepared, but not enacted.

The *Draft Strategy of Primary Health Care* in the working document *Better Primary Health Care for Us All – Health Policy Guidelines for Strengthening the System of Primary Health Care in Serbia from 2010 to 2015* starts with the assumption that primary health care "provides for better health outcomes and more equitable distribution of health services" and gives a proposal based on which health centres should be key points of primary health care. Pursuant to that, it envisages the strengthening of health care capacities on local levels. The draft also establishes directions of health care policy in the sector of primary health care. They are built on the strategic aims and guiding principles from the document *Health for All*, for the purpose of creating a comprehensive system of primary health care, in compliance with already made sector strategies and international recommendations. The draft deals with a consistent implementation of the concept of chosen doctors with a view to creating prerequisites for the change of the financing of primary health care.

The *Draft Law on Public Health*, which is in compliance with the *Strategy of Public Health*:

- defines terms of importance for public health;
- establishes principles of public health;
- divides responsibilities in the area of the state's care for public health between different levels of the government;
- provides for a way and procedures, as well as conditions for performing activities in the areas of public health (offices for public health);

- deals with the problems of interconnection between public health and the environment, working environments, health management, quality and efficiency of the health care system.

The basic aims of reforms in the public health care system were directed towards improving health status of the population, equal access to health care, improving quality and efficiency, rationalising the network of health institutions and reducing the number of employees. For the most part, these aims, even though officially proclaimed, were not realised.

Health reforms in Serbia are characterised by an absence of clearly defined attitudes on the part of competent bodies and the lack of a true dialogue between them and the professional and scientific public. Therefore, the activities of the government and the ministry in certain fields are not in compliance with actual practice and opinions of those employed in health facilities.

2.2.3 Impact assessment

A complex evaluation of the results of the implementation of planned and realised measures was not carried out. However, some partial approaches, enabling an insight into certain aspects of the functioning of the health care system, are present.

For health policy creators, the scientific and the professional public, the results of a research study into the health situation of the population, organised by the Institute of Public Health of Serbia are of special importance. In 2008, an analytical study for the period 1997–2007 was published, with a view to summarising trends of basic indicators of development in the areas important to public health, according to certain topics and indices. The study addresses the questions of demographic characteristics of the population, diseases and dying, lifestyles, environmental factors influencing the health status, availability of health protection, organisation and work of health services, personnel in health, etc.

According to the data of the Republic of Serbia Statistical Office in 2007, 35% of the population used health services. Women, persons over 65 and citizens from urban areas predominate in the structure of users. Poor persons without mandatory health insurance, the unemployed, refugees, internally displaced persons and Roma use these services significantly less. Research shows that one of the reasons for insufficient usage of health services is that patients lack the necessary funds to pay for the services and medicines as envisaged by the laws (but which are actually not available in practice). In the Roma population, every third sick person does not use health services because they are expensive.

Table 3: Usage of health services in Serbia (2007)

Gender		Poverty line		Type of settlement		Vulnerable groups		
Male	Female	Below	Above	Urban	Rural	Refugees, IDPs	Roma	Unemployed
30%	40%	24%	36%	37%	32%	34%	25%	22%

Source: Republic of Serbia Statistical Office (2008).

Outpatient health care was used by 27% of the population in 2007. Women and the elderly use it more frequently. There are differences among the regions, with the citizens of Belgrade (30%) and South-Eastern Serbia (29%) using these services more frequently than the citizens of the Western (23%) and Eastern (24%) parts of the country. The poor, persons without health insurance, Roma and other vulnerable groups make significantly less use of outpatient services (Living Standard Measurement Survey for Serbia, 2002–2007).

Services of inpatient care were used by 6% of the population in Serbia, but the rate of usage of these services by persons over 60 is doubled. According to the results of the research study on the health status of the population, there are no visible differences in terms of gender, type of settlement and region, when it comes to using inpatient services. The population below the poverty line and those belonging to vulnerable groups (Roma, refugees and internally displaced persons, unemployed) use these services to a lesser degree.

The physical distance from health institutions is an important indicator of availability, accounting for insufficient usage of health services for about 2% of the population in Serbia. In 2006, every seventh household (13.7%) lived 4 km and more from the nearest primary health care facility and 6% had to travel an hour to the nearest health centre. The average distance to a clinic, hospital and pharmacy is about 2.4 km, 14 km and 3 km respectively.

At the end of 2004, one of the first indices of progress in the reform efforts was obtained, when a survey on patient satisfaction with health care was carried out. The survey results were presented at the National Conference on Quality. In the following years, the satisfaction of patients using services in the private health sector was also examined, as was the satisfaction of those employed in health institutions.[23]

The results of the survey on the satisfaction of users with health facilities in 2008 showed that the majority of them were satisfied with the work of chosen doctors and nurses. "In urgent cases, 84% of users reached the chosen doctor the same day, 12% the day after and 4% after two or more days. Still, one fourth of the users considered the period of waiting to see the doctor as too long. Every fifth user of these services was not completely satisfied with the time the doctor had devoted to them, information obtained about their health status and the respect shown by the doctor as regards their opinion" (Institute of Public Health, 2009). Regarding the regions, the users of primary health protection in Belgrade are most satisfied, and the users of services in health centres in Kosovo and Metohija are the least satisfied. Similar results were obtained in the survey regarding the satisfaction of users with services in secondary and tertiary health care.

In 2008, those employed in the state health institutions[24] were more satisfied with their work compared to the two previous years. The greatest number of satisfied employees worked in the health centres (primary level), followed by those employed in general public hospitals, institutes and surgeries, and special hospitals. The greatest number of

[23] Within the project Development of Health in Serbia, financed by the World Bank, the Ministry of Health formed a special unit for quality in 2005. Four hospitals and 16 health centres participated in the project realisation; in these health institutions, the standards for the evaluation of the quality of work have been developed with the help of foreign experts.

[24] The survey was carried out in November 2008 on a sample of 66,619 employed and 310 health facilities at primary, secondary and tertiary level. The average age of the employed person was 42; they have been employed for 18 years on average; 79% of those interviewed were women; 24% had a university education; 76% were health workers.

dissatisfied employees worked in children's hospitals, clinical hospital centres and institutes for blood transfusion (Institute of Public Health, 2009). Employees are the most satisfied with "direct cooperation with colleagues" and "available time for work". They are not satisfied with salaries (52%), working premises (40%), possibilities for education and career advancement and available equipment for work (34%). About 60% of those interviewed work under constant stress; however, 44% of those interviewed would not change their jobs and would stay in the state health sector, while 4% would opt for the private sector.

One part of the report Social protection and Social Inclusion in the Republic of Serbia of 2008, which was produced by the Economics Institute in Belgrade for the European Commission, is devoted to the analysis of the existing (reformed) health care system. The Report presents organisational structure of the health sector, its financing, social determinants of health, health status of the population, with a special view to vulnerable groups, as well as the sustainability of the health care system and ongoing reforms. The report states that the financial situation in the health system was better in the period from 2001-2008 and that the system will be financially sustainable in the short term. As the most important activities in the health care system since 2000 the following have been rated: reconstruction of health services, decentralisation, introduction of a new IT system, payments per capitation, introduction of "Codex of Behaviour" for health care employees and enactment of strategic documents. The main challenges are seen to be: redefinition of roles of major actors in health services, struggle with problems faced by young people and inability of the system to react to them (drug and alcohol abuse, smoking), protection of patients' rights; integration of the private sector.

A report of the Department for Poverty Reduction and Economic Management of the World Bank of 2009, Serbia: How to Do More with Less – Confronting the Fiscal Crisis via Increased Productivity of the Public Sector, also deals with the situation in health care in one part. The document starts with the estimate that "the Serbian health care system has experienced significant progress in the last 15 years" (World Bank, 2009: 22). This progress is evaluated, first of all, in the context of progress in managing the system (reconstruction of several health centres, as well as some hospitals and clinics, improvement of medical equipment and capacities for the national production of vaccines, establishment of professional chambers, foundation of the National Agency for Quality and Accreditation) and activities carried out by the Republic Fund for Health Insurance. This primarily concerns solving the problem of huge debts and delays in paying, and taking steps towards partial rationalisation of the system (reducing number of beds and personnel, raising participation payment and reducing beneficiary packages).

The document of the World Bank also produces a comparative view, i.e. it compares the health care in Serbia with the EU Member States. It can be concluded that, based on majority indicators, the situation in Serbia is completely comparable with the situation in the new EU Member States, and frequently even better. However, the productivity of health services is significantly lower compared to the EU. The recommendations of the World Bank are: to continue with the efforts directed towards establishing actual needs regarding the number of employees and size of facilities; to decrease the salaries for doctors legally working in the private sector; to revaluate cost-efficiency of the benefit package, to reform the financing of the system.

2.2.4 Critical assessment of reforms, discussions and research carried out

Access. Access and equality of health services represent the right of each citizen, guaranteed by the Constitution and sector laws, towards which numerous strategies in the health care area are directed.

However, research shows that there are various difficulties in practice when it comes to the realisation of the rights prescribed by the laws and that this has a direct impact on the health status of the population. Those difficulties are visible through the differences of indicators pertaining to the possibility of using health services, the availability of all types of institutions, quality levels, patient satisfaction, and cultural and other obstacles.

Health care facilities are in general distributed fairly equally throughout the state, according to the national standards. However, the deficiencies are clear, when it comes to equality of services. They are frequently of higher quality in bigger health centres, contrary to the quality of services in underdeveloped parts of the state. A potential solution, inter alia, would be to develop continuous education courses for employees in health care institutions and improve technology equally.

Inadequate coverage is especially visible in vulnerable groups of the population, e.g. many Roma children are not covered by the health care system. An unfavourable situation is also present in the population of refugees and IDPs.

Private health facilities are available to those persons who can pay for their services. Thus, this topic directly negates the principles of solidarity and universalism adopted by the system of public health care.

Quality. The period of crisis and sanctions resulted in ruining the system[25] and hampered health care in Serbia. Since 2000, certain progress has been realised in terms of improving quality, by investing huge amounts into the reconstruction of health institutions and purchasing modern equipment. A significant number of hospitals and institutes has been renovated, mainly in the cities with big medical centres, while the situation in primary care and rural areas is still bad. Obsolete equipment was replaced with new models, without rational purchasing, and frequently capacities in more developed communities have doubled. Underdevelopment of preventive care presents a serious obstacle to improving the quality of services.

Absence of actual control over the quality of services in the private sector from time to time leads to serious problems, which regularly have a bad publicity in media.

Financial sustainability. Financing the health system is a critical issue of health care reforms and the change of the financing model presents an integral part of health care reforms. The problems of health care financing are numerous and complex, and their interconnection make partial reforms inadequate, thus, requiring comprehensive changes. Claims of corruption, payments under the table and waiting lists are also a sign for the problem of inadequate financing and bad distribution of funds among the primary, secondary and tertiary health care sectors. However, accepting the need to

[25] The crisis of the health system in the 1990s resulted in the significantly reduced quality of the rendered health services. Increased costs of health care and the absence of funds for the public health insurance meant that the insured themselves had to pay for the treatments and medicines or go to private doctors. The state health facilities did not provide even basic hygienic conditions and conditions for check-ups and hospital treatments. At one point, almost a complete stoppage of medicine supplies occured; the technology became obsolete, disabling the performance of certain surgeries, etc.

provide bigger funds (based on contributions or through taxes, etc) in the population on the explicit level, does not automatically lead to accepting the consequences of a changed model of financing. The reasons for that are, surely, low purchasing power of the population and limited possibilities to opt for private health care. The factor of an inherited generous system from the socialism also does not correspond with favouring the private options.

Rising unemployment rates and decreasing already low employment rates will have a negative impact on inflow of funds based on health contributions. Moreover, the high share of elderly in the total population, as well as new health technologies and procedures, will lead to increasing costs. Additionally, a reform framework will be necessarily determined by economic restrictions of the crisis, which together, require increased efficiency in the use of the existing funds.

Weakness of the health care financing in Serbia is also contribution evasion by an important number of the insured and employers, which reduces the totally available funds and limits the usability of health care.

Unsolved problems of private practice financing and its positioning compared to the state sector, and the inability to find models of legal work in private and state health care facilities do not contribute to the financial sustainability of the system either.

The overwhelming impact of political parties, in terms of the political power to impose criteria in reforms, along with deferral of unpopular measures, aggravate the long-term functioning of the system. Therefore, it is not very likely that the period of the economic crisis will be a favourable moment for the creation of a financially sustainable health care system.

2.3 Long-term care

2.3.1 Overview of the system's characteristics

Organisation / Institutional responsibilities for long-term care. Long-term care is not a separate part (or the so-called fifth pillar) of the system of social protection in Serbia. Bearing in mind that users of long-term care services are persons who need help in performing everyday activities, due to certain physical and mental diseases or disabilities, the elements of long-term care are partly presented within the health system and partly within the system of social welfare.

In that way, competencies (and responsibilities) for long-term care are combined; they overlap to a certain degree, but there are some gaps as well, i.e. "uncovered" areas. At the same time, organisational and financial separation between these two systems presents an obstacle for the creation and realisation of an integral model of long-term care. Contrary to the current organisation of the social system, in which there is no separate system of long-term care, a justification for its independent existence within the system could be found in the dualistic nature of the needs of the population for long-term care: those needs concern health and social welfare in equal measure.

Health care is the right of all citizens in Serbia, and as such it is the right of people over 65. It generally includes preventive, therapeutic and rehabilitative health measures and procedures, as well as the right to medicines, medical appliances and prostheses,

orthopaedic and other helping devices.[26] Persons over 65 are exempt from co-payments when effectuating the right to health protection.

Social welfare provides, inter alia, for the right to material support, allowances for assistance and care provided by caregivers, and accommodation in social welfare institutions, as well as the rights of general interest, the effectuation of which is within the competencies of the state. Furthermore, the right to lump-sum financial assistance, assistance at home and day care are the rights of special interest, which are within the competencies of local communities, i.e. municipalities and cities.

Apart from the organised state and local activities, a traditionally significant role in the provision of long-term care has remained with the family of elderly people, whether or not the elderly person lives with their family in a joint household. In the last 20 years, the informal (grey) sector has been gaining increasingly important space in long-term care. However, increasingly prominent limitations of satisfying the specific needs of the elderly, along with the trend of nuclearisation of the modern Serbian family and employment of women, show the importance of helping and supporting caregivers.

Institutionalised care of elderly in care homes for pensioners and the elderly, as a segment of the social welfare system, provides its beneficiaries with accommodation, nutrition, care and health protection as well as offering cultural entertainment, recreational, occupational and other activities. The care homes for the elderly are financed partially by the elderly themselves and partially by the budget (subsidised financing). Persons over 65 without personal income effectuate their right to draw on the account of the state budget. Institutional capacities comprise of 49 homes in state ownership and accommodate 9,320 persons. While the biggest accommodation capacities are in Belgrade (1,160) and Novi Sad (868) (Ministry of Labour and Social Policy, 2009), care homes for pensioners and the elderly do not exist in some municipalities.[27] The network of homes for the elderly is neither evenly distributed throughout the state nor equally available. Furthermore, in practice, limited capacities have resulted in generating waiting lists.

The network of private care homes for the elderly is underdeveloped. The reason for that is, inter alia, the existence of strict laws regulating this area. However, the prominent need for accommodation of the elderly in care homes, due to limited opportunity for the effectuation of this right in the state sector, favoured the formation of private care homes. One of the deficiencies of private care homes is an inadequate coverage of users with professional workers. Accommodation in private care homes and other related services are completely user-financed. These prices are regulated by market principles and, therefore, those care homes are available only to elderly people who are better off or whose families can afford to accommodate them there.

Non-institutionalised care of the elderly is realised through centres for social work[28] and gerontology centres.[29] Home-based assistance, as one of the most important forms of

[26] Health care and health services on the primary, secondary and tertiary level, described in the previous part of the report, are rendered, pursuant to the regulations, without any discrimination, to people having need for long-term care.

[27] The capacities for the accommodation of people with physical and mental disabilities, and mentally ill people (also belonging to the system of social welfare) are territorially and functionally unavailable.

[28] The centres for social work, as basic institutions of social welfare, are publicly authorised to make decisions regarding rights in the social welfare system and to render social services in the process of their effectuation. An important segment of their activities consists of rendering services in the area of long-term care.

non-institutionalised care for the elderly, is provided, inter alia, to elderly persons who are not capable of taking care of themselves, in the case that their family cannot provide them with appropriate protection or they are without family. This right covers assistance in performing household activities, such as cleaning the house, purchasing food and other necessary items, hygiene maintenance, etc. Apart from the funds provided by the local budgets, elderly people and their relatives participate in covering the costs of home-based assistance, pursuant to criteria defined by the local communities.[30] In the structure of users of this right, people over 65 are most strongly represented, but they still represent an extremely low percentage of the total number of elderly people.

Those persons who, due to the nature and seriousness of their injuries or disease, require help and care from another person in order to satisfy their basic needs, and who have previously effectuated the right to a pension, are eligible for the right to cash benefits for assistance and care provided by a caregiver. This right has been retained in the transitory provisions of the Law on Old-age and Disability Insurance. This right can be effectuated provided that the person is not accommodated in a care home for the elderly. In the social welfare system, there exists the right to an allowance for assistance and care provided by caregivers. However, it pertains to persons who are not able to effectuate it on any other basis (if they were not previously employed or not employed long enough in order to be eligible for pension) and who are not accommodated in a care home for the elderly.

2.3.2 Debates / political discourse

Political and scientific debates and discussions, held in the period after 2000, resulted in enacting various sector strategies. At the level of the government's strategic documents, the situation of the elderly was taken into consideration, from various angles, in the *Poverty Reduction Strategy Paper* (2003), *Strategy of Serbia for the Accession to the European Union* (2005), *Strategy of Sustainable Development* (2008) and *Strategy of Continuous Improvement of Health Protection Quality and Patient Safety* (2009).

The issues of long-term care policy are most prominently presented in the Strategy of Social Welfare Development (2005) and the Strategy of Ageing (2006). Both strategies are, in principle, in compliance with the aims of long-term care as determined by the EU Member States and in the context of the objectives of the Open Method of Coordination.

In the Strategy of Social Welfare Development, the principle of long-term system availability is the basic aim of social protection development, through "creation of a network of various available services in the communities, according to the needs and best interests of users". Its important amendment is that "an introduction of the system of quality of services enables standardisation of the work of services and professionals in social welfare, and an appropriate level of services and protection provides permanent monitoring of effects of that protection".

The strategy also highlights that: the whole system of social welfare should be more efficient, especially for vulnerable groups, to which the elderly belong; the role of local communities in the care of the elderly should be improved as well as the participation of

[29] The gerontology centres perform the jobs envisaged for the homes for pensioners and elderly, render the services in the protected accommodation and provide various types of home-based assistance and daily care.

[30] Home-based assistance is organised in 39 municipalities (14 in Vojvodina, 13 in Belgrade and 12 in Central Serbia), while more than 100 municipalities do not offer these services.

the non-profit and private sector; and it is necessary to develop new services, along with the improvement of scope and quality of the existing ones.

The *Strategy of Ageing* prioritises measures for the assurance of "quality, more rapid development and more equal territorial distribution of appropriate capacities in social protection". Its main objective is "to harmonise health and social protection, the labour market and education with the demographic changes". The strategy presents the assumptions under which demographic changes would significantly increase the number of elderly, especially those over 80, who "due to exhaustion, diseases and disabilities, and without the support of their family environment, will be oriented towards using certain social, health care and other services, including the provision of certain basic life conditions". In connection with that, it is stated that these estimates of said changes require the development of certain segments of the system of social protection.

In the meantime, at the beginning of 2009, the *Strategy of Palliative Care* was enacted. On the basis of the analysis of demographic characteristics of the population and diseases and conditions leading to palliative care, as well as the analysis of the organisation of health care, it sets recommendations for the organisation of palliative care. The aims of palliative care organisation are as follows: integration of palliative care into the health system; improvement and realisation of the best quality of life for patients and their families; determination of national standards; harmonisation of national regulations with relevant international documents, etc. An integral part of the strategy is its Action Plan 2009-2015, in which descriptions of measures, activities and indicators are followed by the presentation of competent bodies, financing sources and deadlines.

The *Draft Strategy of Primary Health Care* from 2010, in one short part, refers to long-term care. Long-term care is considered to be based on support at home, but also within institutions and is connected with palliative care. This document also makes provisions for financial aspects, i.e. cost of care and states that it is "a cost-efficient replacement for care in hospitals and quality of life improvement".

2.3.3 Impact assessment

Long-term care is not the number one topic in Serbia, and the position of the elderly is much more in the focus from the point of view of their monetary (in)security (i.e. pensions and social assistance) and hospital care (i.e. health). The notion itself was not in use until recently and cannot be heard too frequently. Information about long-term care is almost completely absent from the public discourse and according to data from some relevant research, is not sufficiently available even to potential users. For example, the elderly do not have enough information about the rights and services in the system of non-institutionalised care. According to self-estimates, despite chronic diseases in 80% of respondents over 70, the majority characterised themselves as functionally capable of living in their households, provided that they have appropriate support from another person. Family support in solving everyday problems presents the most important form of support, unlike the institutional state support, which is only marginally represented. Certain supporting services are used by 9% of people over 70, mostly by those who are chronically ill or better off. Respondents with higher incomes use services providing home-based assistance and daily care, and they visit clubs for the elderly more frequently. The available research showed that the services of home-based assistance and daily care are used by only 0.28% of the people over 65 and clubs are only used by 1% of the people over 60 (Amity, 2007).

An exception, when talking about more detailed research from external sources in this area, is a part of the report Social protection and Social Inclusion in the Republic of Serbia (2008). Apart from the overview of protection for the elderly in the system of health care, it also contains an analysis of the rights of the elderly to accommodation in care homes and home-based assistance. Based on the number and share of the elderly in the total population, the report estimates that elderly people will experience better health, due to progress in medicine and improvement in living conditions. However, it is said that "in the short run, deficiency in the capacities of formal care will not be resolved unless the local authorities prioritise social policy and, consequently, devote more resources to these purposes" (European Commission, 2008: 171). The recommended measures should include data collecting, earmarking emergency resources, and establishing an efficient information service targeting vulnerable groups and their needs.

2.3.4 Critical assessment of reforms, discussions and research carried out

Access to long-term care. Despite the fact that regulations guarantee availability and access to rights that include long-term care, and that these objectives are additionally determined as aims of policy developments in strategic documents, their availability and access is low, but not universally, as it varies depending on the right in question. Solidarity, as a principle on which health and social welfare systems are based, is increasingly jeopardised by financial constraints, leading to unfavourable consequences in terms of availability and access of long-term care.

A great number of elderly people are not able to satisfy their needs for long-term care because a significant number of local communities provide neither guaranteed supporting services in the natural environment of the elderly nor sufficient capacities for their accommodation in institutions. The situation is especially bad in rural areas, where these services are completely absent, and where sometimes even the right to health protection can be uncertain. At the same time, empirical research on the relevant sample (Amity, 2007) points to the fact that elderly people who are better off use these measures and rights to a higher extent, unlike elderly people who are poor and who are not informed about their rights. Extremely low accessibility of home-based services and low participation rates of elderly people in the clubs point to potential directions of development of this system in the future.

Quality of long-term care. The quality of services in health and social institutions is also not equal, and sometimes there is no adequate support for maintaining the whole remaining potential of elderly people in these institutions. At the same time, there are indications that the accommodation of users in institutional care homes is not always in compliance with their health characteristics and condition, which results in decreased quality of life. Official data about the quality of services in long-term care are almost completely absent, but the media, service providers, and to a lesser extent users sporadically point to existing problems (mainly in terms of accommodation). Accreditation and licensing of (state and private) service providers in long-term care would certainly result in a more reliable evaluation of quality. Standardisation of services in social welfare would also be of importance for the realistic determination of good and bad aspects of the existing long-term care. There are some indications that the quality of services in non-institutionalised care of the elderly is better than the quality of services in institutionalised care. Developing prevention and monitoring should be integrated with the issue of the quality of long-term care.

Creation and application of adequate mechanisms of continuous monitoring should be able to compensate for the challenges of existing and future decentralisation of health and social services.

Sustainability of long-term care. Data on current numbers and shares of elderly people in the total population (17.18%) (Institute of Public Health, 2008), as well as extended life expectancy both for men and women, point to the necessity of a holistic approach to the problems of long-term care. However, the creation of an integral model for long-term care has not received the necessary attention. Despite its legitimacy in the future, there are no economic resources devoted to its sustainable independence. The division of this segment of policy into health and social welfare, as well as the division of sources for their financing, along with private payments for certain services and informal work women are performing in care, make a precise determination of resources devoted to its financing impossible. Therefore, it is not possible to estimate their compliance with the European guidelines. Better coordination of different levels of financing and organisation could potentially result in a more productive use of existing resources. Potentially, directing finances into long-term care provision could have elements of prevention and, thus, save resources.

According to the Strategy of Social Welfare Development, private initiatives – the informal sector and families – should supplement the system. However, this is not a solution to the problem of the protection of elderly people who are poor. In addition, it is likely that the capacities of families to care for their elderly relatives will be reduced. All these factors will result in increasing the pressure on the state system of long-term care. An optimal solution would be to find the right mix between public and private sector, which is not likely to occur.

3 Impact of the Financial and Economic Crisis on Social Protection

At the start of the world financial crisis, estimates of the impact of the crisis on the situation in Serbia ranged from optimistic ones[31] to warnings about the need to prepare state intervention programmes. At the end of 2008, the first effects of the crisis were seen, which led to the following events in the first quarter of 2009: reduced inflow of foreign capital; drop in domestic and global demand for Serbian products; stoppage in the privatisation of the remaining publicly owned companies; termination of concession contracts; more prominent illiquidity of companies; and increased unemployment.

Faced with the problems of payment of debts, inflation and huge budgetary deficits, the government started negotiations with the IMF, at the beginning of March 2009. Based on the agreements reached, a proposal of measures for overcoming the crisis was made, relying mostly on decreasing public expenditures for pensions and solving the problem of redundant public employees. In the meanwhile, the first steps towards the reforms of the pension system were made, as well as regulations introduced, outlining which redundant public employees on the local and state levels would be laid off.

[31] In the middle of 2008, the Minister of Economy and Regional Development, Mr. Mladjan Dinkic, envisaged accelerated economic growth, more foreign investments and an increase in employment.

"It is now widely recognised that Serbia was not spared by the crisis, and that it presents an acute threat to the achievements in the spheres of human development, stability and economic progress, realised during this decade. The long-term threat is that the crisis will strictly end a cycle of economic growth based on demand and consumption growth, triggered by a significant inflow of capital. The exit strategy cannot be returning to this old model based on consumption growth, but it will be necessary to place the foundations for a new development model, based on greater reliance on Serbia's own real sources of growth" (Krstic et al., 2010: 6).

During 2009, the effects of the financial and economic crisis were discussed by the state bodies (parliament, competent ministries, Socioeconomic Council) and with the international financial institutions (the WB, the IMF, the European Bank for Construction and Development). In the meantime, a significant number of scientific and expert publications on the impact of the crisis on the global and national levels, as well as on the consequences for economic and social policies, were published. The researchers were focused on the labour market situation and position of vulnerable groups, poverty and social inclusion, and the effects of the crisis on social insurance. Programmes and measures for overcoming the crisis were seen within the context of short-term, medium-term and long-term effects.

3.1 Economic policy and labour market in the period of the crisis

Measures of economic policy. The first indicators of the crisis in Serbia were seen in the banking sector (in terms of panic withdrawals of money) and dramatic decrease of the national currency (RSD) value. The National Bank of Serbia spent significant reserves in order to stabilise the national currency and reduce inflation pressures. At the end of 2008, the government enacted a Framework Programme32 as a reaction to the economic crisis and its influence on the Serbian economy. The plan envisaged the protection of the most vulnerable categories of the population and "passing through the crisis so as to feel it as a modest slowing down and not a drop in the living standard and a return to the years of poverty" (Framework programme, 2008: 8). The programme also provided for the freezing of pensions in 2009, the writing-off of "interests on unpaid taxes and contributions" and deferring old obligations based on health insurance "provided that the current ones are paid on a regular basis".

During the first months of 2009, three packages of economic measures were adopted. The first part referred to the reduction of risks and costs of business dealings in the financial sector, by means of increasing the amounts of insured deposits of citizens in the banks from EUR 3,000 to EUR 5,000. Apart from that, the application of taxes to incomes from interests and taxes to capital profit in the trade with stocks and bonds was suspended during 2009. The second package of measures aimed at promoting the lending activities of the banks in order to reduce the recession tendencies in the Serbian economy and to enable an increase in domestic demand. An integral part of this package were loans from abroad (EIB, KFB, EBRD and the Italian Government) amounting to about EUR 480 million, intended for loans to small and medium sized enterprises. An action plan on the construction of a road and rail corridor through Serbia (Corridor X) for 2009 was adopted, and in March 2009, negotiations with the IMF about a new credit arrangement and measures for overcoming the crisis started.

[32] Economic Crisis and Its Influence on the Serbian Economy, www.srbija.gov.rs.

"The prepared intervention package of the economic policy in Serbia is directed towards: 1. Promoting economic growth (supporting national demand, solvency, promoting export and investments); 2. Social measures (help for the most vulnerable – beneficiaries of social assistance, unemployed and people over 65); 3. Rationalisation of the state's expenditures on all levels; 4. Infrastructural measures (investment into the Corridor X project, reconstruction of local infrastructures, the building of social apartments, modernisation of public companies, rural infrastructure development); 5. Monitoring and correction of measure packages depending on the type of economic disturbances" (Development Report, 2009: 12).

The fiscal policy was created under strong influence of the crisis, and the drop in public revenues was dramatic. In the second quarter of 2009, public expenditures were up by 13%, compared to the same period of the previous year. In the same period, consolidated public consumption dropped by 6%, which resulted in a decrease in capital investments and an increase in social transfers (mainly, for pensions). "The Serbian economy depends, to a large extent, on availability of loans and investments from abroad. Apart from that, it obtains an injection of about 9% of GDP from remittances. It is estimated that in 2009, the drop in GDP will amount to about 4%, while the projections for the coming years point to slow and gradual recovery, with an estimated growth of about 1.5% and 3% in 2010 and 2011, respectively" (World Bank, 2009).

Labour Market Policy. Low rates of economic activities and employment (about 50%) and high, but decreasing unemployment rates (from 20.8% in 2005 to 13.6% in 2008) are a general characteristic of the labour market situation in Serbia. At the beginning of 2009, the labour market situation aggravated, a new law on employment was enacted,[33] but there were no significant changes in the structure of planned programmes and measures. Compared to other countries, Serbia has been devoting modest funds for active measures (about 0.1% of GDP), while the majority of the funds have been spent on cash benefits for the unemployed (based on insurance). In the structure of beneficiaries of passive measures, older workers who lost their job during the privatisation process are prevailing. For some of them, contributions for social insurance remain unpaid.

Table 4: Employment and unemployment (2008-2009)

	2008		2009	
	April	October	April	October
Total number of employed (15-64)*	2,652,429	2,646,215	2,486,734	2,450,643
Employed in agriculture (15-64)**	-	443,243	437,957	411,303
Total number of unemployed (15-64)	432,730	457,204	486,858	516,990
Employment rate (15-64)				
Total	54	53.3	50.8	50
Men	62.3	62.2	58.7	57.4
Women	46	44.7	43.3	42.7
Unemployment rate (15-64)				
Total	14	14.7	16.4	17.4
Men	12.4	12.7	15	16.1
Women	16.1	17.3	18.1	19.1

Source: Labour Force Survey (LFS) ** Persons aged 15-64 are considered as capable of work;*

[33] The Law on Employment and Unemployment Insurance (Official Gazette of the Republic of Serbia, 36/09).

*** By October 2008, there was no classification 15-64 for the number of employed in agricultural sector and contributing family members in the LFS, but only 15+*

According to the data from the Labour Force Survey[34] of October 2009, 2.45 million people were employed in Serbia (persons aged 15-64). This means that in only one year (2008-2009), a drop of 200,000 employed was recorded, i.e. a drop of about 8%. The employment rate (of persons aged 15-64) dropped from 53.5% to 50%, which represents an absolute minimum. The unemployment rate in the same period increased from 14.7% to 17.4%, i.e. by 60,000 persons. Work in informal markets is a general characteristic of employment in Serbia during the whole transition period. The economic crisis resulted in the reduction of available jobs in the grey market and, therefore, a decrease in informal employment[35] of 2.4% was registered (Republic of Serbia Statistical Office, 2009). Negative effects of the crisis on the labour market especially affected "vulnerable groups", such as refugees and internally displaced persons, the disabled, some ethnic groups (Roma people), young, women, older workers, and the rural population.

From the survey based on the government's measures directed towards reducing the negative effects of the crisis on the labour market, it is clear that there will be short-term effects, and it is, therefore, not evident that the economy will become more competitive and that the number of employed will increase in the following period. From a long-term point of view, radical reforms of the tax and contribution system[36] were omitted, which have burdened the salaries in the crisis. Experiences of the neighbouring countries point to positive effects of decreased labour costs, for the purpose of encouraging new investments and providing the inclusion of the informal economy into the regular trends. Specific measures of supporting companies, such as credit subsidies for companies which do not lay off their employees, would be welcome, but only provided they do not offer them a privileged position.

3.2 Effects of the crisis and state programmes of help

The negative effects of the global financial and economic crisis resulted in poverty increase and caused insecurity of vulnerable groups. Serbia faced an decrease in budgetary revenues, a growing deficit and limitations in terms of financing education and health systems, pensions and benefits for the poor. The freezing of salaries in the public sector and of pensions in 2009 and 2010 is directed towards reducing current expenditures, but further decreases in social transfers would aggravate the position of the most vulnerable groups. According to the estimates of the World Bank, little is directed towards state programmes for the poor, and therefore, pursuant to the "planned slowing down of the economy" and anticipated poverty increase, it is suggested to "increase the funds" for the programmes which are good, targeting, i.e. freezing or limiting, the expenditures for other programmes (World Bank, 2009: 50).

[34] The Labor Force Survey is conducted based on the recommendations and definitions given by the ILO and Eurostat. Since 2008, it has been conducted twice a year, in April and October.

[35] Informal employment is a percentage of persons working in the grey market, out of the total number of employed. It comprises of work in unregistered companies, people employed in registered companies but without formal employment contracts and without social insurance, as well as unpaid contributing family members.

[36] In April 2010, Mrs. Diana Dragutinovic, the Minister for Finances, announced changes in the tax system and a decrease in the contributions for social insurance.

Improving the living standard of the population in Serbia in the period prior to the crisis, has been a result of a dynamic growth of salaries and pensions since 2001. By 2007, salaries had grown on an annual by 10%, which was higher compared to the productivity growth. In 2009, salaries without taxes and contributions were up by 8.5% compared to the previous year, but the salaries in real terms dropped by 0.1%.[37] The increase in the living standard was marked by a decrease in absolute poverty. According to the data from the Living Standard Measurement Survey, in the period from 2002 to 2007, the number of the poor was halved, and the absolute poverty rate dropped from 10% to 6.6% (Living Standard Measurement Survey, 2007). The crisis interrupted the positive trend, so that in the first half of 2009, the poverty rate increased to 7.4%.

The state programme of help for the poor[38] in Serbia is modest and cannot give help to the total number of poor people. The number of beneficiaries of material support has been decreasing since 2005. However, in 2008, its increase was recorded. In 2009, 59,000 families (150,000 persons) effectuated this right on average per month. Additionally, all municipalities in Serbia recorded an increase in the number of beneficiaries of the right to lump-sum help and other rights that can be effectuated on the local level. Similar tendencies were recorded in the programmes of financial help to families, where the number of children obtaining child allowances dropped from 682,000 to 383,000 in 2002 and 2008 respectively. In 2009, however, 386,000 children used this help on average per month.[39]

"Serbia spends relatively little on social assistance. The consumption was on average less than 2% of GDP in the period 2005-2009. As a share of GDP, it is less than the average in the OECD countries (2.5% in 2006) and the EU (2.6% in 2006) and comparable with the countries of Europe and Central Asia at a similar development level […] Consumption for the programmes directed towards the poor is extremely low. Since 2008, only 7% of social expenditures were directed to the so-called material assistance for the poor, the material support for families on low incomes, and nearly 16% to the child allowance programme. Expenditures for both programmes together were only 0.44% of GDP" (World Bank, 2009: 47).

Despite the budgetary restraints, the government enacted the Social Protection Plan in 2009, as well as other measures and programmes directed to the poor. Refunding outstanding contributions for old-age and disability as well as health insurance (see page 4), enables a certain number of employees in privatised companies to effectuate their right to pensions. In a Letter of Intent, addressed to the IMF in December 2009, the government stressed its effort to devote finances to social programmes and to harmonise cash benefits with inflation, in the situation of an anticipated poverty increase. A new Draft Law on Social Welfare[40], which was under discussion at the beginning of 2010, provides for a widening of the circle of beneficiaries and increasing the levels of cash benefits.

37 Economic trends in RS, 2009, Republic of Serbia Statistical Office, Communication no. 355, 30 December 2009.

38 There are many programmes of state help to the poor in Serbia with "social" aims. But in principle, the key programmes of helping the poor are the right to material support for families on low incomes (MOP) and child allowances.

39 The data of the Ministry of Labor and Social Policy, Report on Work from 2009.

40 Prepared by the Ministry of Labor and Social Policy.

3.3 Exit strategies

Discussions about the effects of the crisis on the labour market, limiting the expenditures for pensions, poverty increase and inadequate protection of marginal groups, dominated the discourse on the impact of the economic crisis on social protection. In agreement with the IMF, the government adopted a set of macroeconomic, fiscal and social measures in the first months of 2010. There were some optimistic statements[41] about exiting the crisis and possibilities of defreezing salaries and pensions. By mid April 2010, representatives of the trade unions, employers and the government[42] concluded that it is necessary to provide unity of social partners in order to enable a sustainable economic growth and long-term employment growth. Additionally, they created a "temporary working body to work on a faster exit from the crisis".

Strategic assumptions of changes in the following two years are integrated into the government's orientation towards the reduction of public expenditures, a possible defreezing of salaries and pensions, and their increase in the second half of the year. During 2011-2012, the increase of public salaries will be limited and rationalisation of employment will be continued, as well as health and education reforms implemented (in accordance with the recommendation of the World Bank).[43] In the Letter of Intent,[44] the Government stressed its efforts to "reduce net expenditures of pension funds by about 10% of GDP by 2015".

Parametric changes of the pension system are envisaged by the new law, which should be before the parliament by the middle of May 2010. The reforms consist of "increasing the minimal age for early retirement from 53 to 58 for men and women, longer periods of effective contribution payments for women, cuts in the service credits for military and police personnel, as well as the implementation of stricter terms for the effectuation of the right to survivor's pensions" (Letter of Intent, 2009). The Letter of Intent also provides for assistance for the poorest pensioners, i.e. increasing minimal and agricultural pensions, stricter limits of maximum pensions and the freezing of nominal pensions by April 2011. A new indexation mechanism is supposed to make a clearer connection between growth of salaries and pensions, as well as the growth of GDP. Increases in public salaries and pensions in 2011-2012 will be around the agreed maximum levels, and will take place within the framework of the planned legislation and fiscal responsibility.

41 In February 2010, the Minister of Economy and Regional Development, Mr. Mladjan Dinkic, stated that it could be possible that in May an agreement could be reached with the IMF about defreezing salaries and pensions, in the second half of the year. The reasons for that, according to him, are positive economic indicators, e.g. the growth of industrial production in January by 3.7% compared to the same month of the previous year.

42 At the meeting "Social Partnership for Exiting the Crisis" the representatives of the biggest private companies in Serbia, belonging to the "Serbian Business Club of Entrepreneurs", expressed their attitudes toward the crisis and necessary measures to overcome it for the first time. This caused a lot of discussions in the public.

43 IMF Country Report No. 10/93.

44 Republic of Serbia: Letter of Intent and Technical Memorandum of Understanding, IMF, 18 March 2010.

References

ARSIĆ, M. *"Svetska finansijska kriza i Srbija"* "Kvartalni monitor", br. 15. Fond za razvoj ekonomke nauke (FREN), Beograd, 2008.

ARANDARENKO, M. *"Efekti svetske ekonomske krize na tržište rada Srbije"* "Kvartalni monitor", br. 15. Fond za razvoj ekonomke nauke (FREN), Beograd, 2008.

EUROPEAN COMMISSION (2008). "*Social Protection and Social Inclusion in the Republic of Serbia"*.

Retrieved form: http://ec.europa.eu/employment_social/spsi, on 15 February 2010.

FOND ZA RAZVOJ EKONOMSKE NAUKE (FREN). Kvartalni monitor ekonomskih trendova i politika u Srbiji, jul-septembar 2008. br. 14. Beograd, 2008.

GLAS OSIGURANIKA, *"Pooštreni uslovi za penzionisanje"* 31 January 2010. Beograd: Republički fond penzijskog i invalidskog osiguranja.

GOVERNMENT OF THE REPUBLIC OF SERBIA, *Letter of Intent,* December 2009.

GOVERNMENT OF THE REPUBLIC OF SERBIA, *Social Protection Plan*, 2009.

GOVERNMENT OF THE REPUBLIC OF SERBIA, *Poverty Reduction Strategy Paper*, 2003.

GOVERNMENT OF THE REPUBLIC OF SERBIA, "*Framework Programme Economic crisis and its impact to the Serbian economy"*, 2008.

GOVERNMENT OF THE REPUBLIC OF SERBIA *"Plan Vlade za ekonomsku stabilnost Srbije*" 2010.

Retrieved from www.srbija.gov.rs/, on 1 April 2010.

INSTITUTE OF PUBLIC HEALTH OF SERBIA. "*Pregled najvažnijih rezultata ispitivanja zadovoljstva korisnika džravnim zdravstvenim ustanovama Republike Srbije 2008"*. Beograd: Institut za javno zdravlje Srbije "Dr Milan Jovanović Batut". 2009.

INSTITUTE OF PUBLIC HEALTH OF SERBIA, "*Zdravlje stanovnika Srbije – analitička studija 1997-2007*". Beograd: Institut za javno zdravlje Srbije "Dr Milan Jovanović Batut", 2008.

INTERNATIONAL LABOUR ORGANIZATION (ILO), Conference on Pension Reform in Serbia. Retrived from http://www.ilo.org/public/english/region/eurpro/budapest/social/socsec/serbconf.htm, on 16 April 2010.

INTERNATIONAL MONETARY FUND (IMF), *"Republic of Serbia: Staff Report for the 2010 Article IV Consultation, Third Review Under the Stand-By Arrangement, and Financing Assurances Review",* Washington, April 2010, IMF Country Report No. 10/93

Retrieved from http://www.imf.org/external/pubs/ft/scr/2010/cr1093.pdf, on 15 April 2010.

KRSTIĆ, G. (redaktor), *"Položaj ranjivih grupa na tržištu rada Srbije"*, Beograd: FREN, 2010.

MATKOVIĆ, G. BAJEC, J. MIJATOVIĆ, B. ŽIVKOVIĆ, B. STANIĆ K., *"Izazovi uvođenja obaveznog privatnog penzijskog sistema u Srbiji"*, Centar za liberalno-demokratske studije, Beograd, 2009.

MIJATOVIĆ, B. (ur) *"Reforme u Srbiji: dostignuća i izazovi"*. Beograd: Centar za liberalno-demokratske studije, 2008.

MINISTRY OF FINANCES, *"Memorandum on Budget and Economic and Fiscal Policy in 2009, with the Projections for 2010 and 2011"*, 2008.

MINISTRY OF HEALTH, *Documents, 2009.*

Retrived from *http://www.zdravlje.gov.rs/showpage.php?id=6*, on 13 April 2010.

MINISTRY OF LABOUR AND SOCIAL POLICY, *"Network of Social Protection Institutions"*, 2009.

MINISTRY OF LABOUR AND SOCIAL POLICY, *"Izveštaj o radu za period 1 January-31 December 2009"*, 2010. Retrieved from http://www.minrzs.gov.rs/, on 17 April 2010.

NARODNA BANKA SRBIJE *"Sektor dobrovoljnih penzijskih fondova u Srbiji - Izveštaj za treći kvartal 2009. godine"*. Beograd: Narodna banka Srbije. Retrieved from

http://www.nbs.rs/export/internet/ciri, on 1 April 2010.

REPUBLIC FUND OF HEALTH INSURANCE, *"Statistički podaci"*.

Retrieved from http://www.rzzo.rs/index.php/baza-osiguranika-stat-menu, on 11 April 2010.

REPUBLIC FUND OF OLD-AGE AND DISABILITY INSURANCE (RFPIO) "*Pension beneficiaries in 2010"*.

Retrieved from *http://www.pio.rs/sr/img/Statistika/Broj korisnika penzija u 2010.godini-lat*, on 1 April 2010.

REPUBLIC FUND OF OLD-AGE AND DISABILITY INSURANCE (RFPIO) "*Financial plan for 2010*". Retrieved from http://www.pio.rs/sr/img/finansijski plan za 2010% lat.pdf, on 1 April 2010.

REPUBLIČKI ZAVOD ZA RAZVOJ, "*Izveštaj o razvoju Srbije u 2008"* (Development Report) Beograd, 2009.

REPUBLIČKI ZAVOD ZA STATISTIKU, "*Anketa o potrošnji domaćinstava u trećem kvartalu 2008*" (The Household Consumption Survey – the third trimester in 2008) – Saopštenje broj 346 od 15.12.2008 Beograd, 2009.

REPUBLIČKI ZAVOD ZA STATISTIKU, "*Anketa o radnoj snazi*" (The Labour Force Survey) - Saopštenje broj 373 od 30.12.2008. Beograd, 2008.

REPUBLIČKI ZAVOD ZA STATISTIKU, *"Anketa o radnoj snazi"* (The Labour Force Survey) - Saopštenje za javnost, 30 December 2009. Beograd, 2009.

REPUBLIČKI ZAVOD ZA STATISTIKU, "*Anketa o životnom standardu*" (The Living Standard Survey) Beograd, 2002.

REPUBLIČKI ZAVOD ZA STATISTIKU, "*Anketa o životnom standardu*" (The Living Standard Survey) Beograd, 2007.

REPUBLIČKI ZAVOD ZA PENZIJSKO I INVALIDSKO OSIGURANJE, *"Informator o radu Republičkog fonda za penzijsko i invalidsko osiguranje 2007-2010"* (Information about Work of the Republic Fund of Old-Age and Disability Insurance 2007-2010), Beograd: RZPIO. Retrieved from http://www.pio.rs/sr/lt/informator/, on 1 April 2010.

SATARIĆ, N. RAŠEVIĆ, M. *Vaninstitucionalna zaštita starijih ljudi u Srbiji – jaz između potreba i mogućnosti.* Beograd: Amity, 2007.

SATARIĆ, N. RAŠEVIĆ, M. MILORADOVIĆ, S. "*Oni ne mogu da čekaju*". Beograd: Amity, 2008.

"The Law on Changes and Amendments to the Law on the RS Budget for 2009". Retrieved from www.nsz.sr.gov.rs, on 1 April 2010.

"The Law on Contributions for Mandatory Social Insurance", *Official Gazette of the Republic of Serbia*, No. 84/04, 61/06, 5/09.

"The Law on Employment and Unemployment Insurance", *Official Gazette of the Republic of Serbia*, No. 36/09.

"The Law on Medicines and Medical Agents", *Official Gazette of the Republic of Serbia*, No. 84/04.

"The Law on Modifications and Amendments to the Law on Old-age and Disability Insurance, The Law on Voluntary Pension Funds and Pension Plans", *Official Gazette of the Republic of Serbia*, No. 85/05.

"The Law on Old-age and Disability Insurance". *Official Gazette of the Republic of Serbia*, No. 34/03.

"The Law on the RS Budget for 2009", Retrieved from www.nsz.sr.gov.rs, on 1 April 2010.

"The Law on Voluntary Pension Plans", Retrieved from www.nsz.sr.gov.rs, on 1 April 2010.

VLADA REPUBLIKE SRBIJE, "*Zaključak Vlade Srbije od 17 February 2010. o povezivanju staža zaposlenima u pojedinim privrednim subjektima"*. 2010. Retrieved from http://www.srbija.gov.rs/, on 1 April 2010.

VUKOVIĆ, D. *"Socijalna sigurnost"*. Beograd: Univerzitet u Beogradu - Fakultet političkih nauka, 2009.

VUKOVIĆ, D. ARANDARENKO, M. *"Socijalna politika i kriza"*. Univerzitet u Beogradu - Fakultet političkih nauka, 2009.

WORLD BANK,*"Srbija: kako sa manje uraditi više, Suočavanje sa fiskalnom krizom putem povećanja produktivnosti javnog sektora"* Izveštaj br. 48620-YF, 23. maj 2009.

4 Abstracts of Relevant Publications on Social Protection

[R] Pensions
- [R1] General trends: demographic and financial forecasts
- [R2] General organisation: pillars, financing, calculation methods or pension formula
- [R3] Retirement age: legal age, early retirement, etc.
- [R4] Older workers' activity: active measures on labour market, unemployment benefit policies, etc.
- [R5] Income and income conditions for senior workers and retired people: level of pensions, accumulation of pensions with earnings from work, etc.

[H] Health
- [H1] Health expenditures: financing, macroeconomic impact, forecasting, etc.
- [H2] Public health policies, anti-addiction measures, prevention, etc.
- [H3] Health inequalities and access to health care: public insurance coverage, regional inequalities, etc.
- [H4] Governance of the health system: institutional reforms, transfer to local authorities, etc.
- [H5] Management of the health system: HMO, payments system (capitation, reimbursement, etc.)
- [H6] Regulation of the pharmaceutical market
- [H7] Disability

[L] Long-term care

[R1] GREČIĆ Vladimir, "Iseljavanje mladih kao jedan od faktora starenja stanovništva Srbije", Gerontologija 1/2009. Časopis gerontološkog društva Srbije, Beograd, 2009.
"Emigration of Young People as One of the Factors of the Serbian Population Ageing"

The text starts from the premise that the emigration of young people is an important factor of population ageing, and that the consequences of decreased fertility together with a reduction of elderly mortality are reflected in the situation of society, economy and health sector. Consequences of changes in the structure of the working age population to the functioning of social insurance funds and the threats in terms of reducing revenues are also tackled. Labour force mobility, push and pull factors, consequences for the origin countries and managing migration are important considerations in the research of the problem of emigration of young people from Serbia. In conclusion, decision-makers are given recommendations necessary for enabling sustainable development, using positive effects of migration of university-educated young people and creating conditions for an adequate migration policy.

[R1; R2] HRUSTIĆ Hasiba, DIMITRIJEVIĆ Marina, "Stanje i perspektive sistema penzijskog osiguranja u Srbiji" Socijalna misao, vol. 16, br. 4, Beograd, 2009.
"The State and Perspectives of the Pension Insurance System in Serbia"

The article explores the problem of illiquidity of the pension insurance system in Serbia and possibilities for overcoming this problem. Outcomes of implemented reforms are analysed, and it includes an overview of results of pension reforms in the EU. According to the authors' estimates, a key to solving the illiquidity problem of the pension insurance system in Serbia is stimulating economic growth, production and employment. Such a policy would have a positive impact on the long-term sustainability of the pension system, while it is necessary to create favourable conditions regarding the financial infrastructure.

[R1; R2; R3] Republički fond penzijskog osiguranja "Informator o radu Republičkog fonda penzijskog i invalidskog osiguranja", Beograd, 2010. Retrieved from: http://www.pio.rs/sr/cr/informator/ on 3 April 2010

"Information about Work of the Republic Fund of Old-Age and Disability Insurance"

This publication is made in accordance with to the regulations on obligation of state bodies to make reports about their work in the preceding year. The latest issue includes the period from 2007-2010 and contains basic data about the organisational structure, scope of work, bodies and number of employed within the fund. In a special part, there is a list of all legal and by-law acts in the field of old-age insurance. The structure of revenues and expenditures of the fund is presented in the form of the Financial Plan for 2010. There is also a presentation of rights based on old-age and disability insurance, as well as eligibility criteria.

[R1; R2; R3; R4; R5; H3] VUKOVIĆ Drenka, "Socijalne komponente održivog razvoja", Izazovi evropskih integracija - časopis za pravo i ekonomiju evropskih integracija br. 9, Službeni glasnik, Beograd, 2010.

"Social Components of Sustainable Development"

As a direct participant in the creation of the National Strategy of Sustainable Development, the author gives an overview of basic elements of the "social pillar" with focus on the challenges of demographic changes in Serbia, poverty and social exclusion, labour market changes and social effects of the crisis. The presentation of the situation in Serbia and reform orientations defined by the National Strategy is given in comparative form with the European strategy of sustainable development and defined aims in the social sphere. Starting premises and conclusions are based on research results, literature and a multitude of the latest statistical data. The negative effects of the global economic crisis, according to the author's estimates, are a challenge to the realisation of defined aims and priorities mentioned in the Action Plan for the Implementation of the National Strategy of Sustainable Development by 2017.

[R1; R2; R3; R4; R5; H3] Republički zavod za razvoj, "Izveštaj o razvoju Srbije u 2008", Beograd, 2009.

"Report about the Serbian Development in 2008"

The study analyses the developmental results of Serbia in the period from 2000 to 2008, with a view to presenting its position within Europe and establishing key transition problems. Comparative analysis includes the EU member states with focus on the neighbouring countries and the new member states. The report is comprised of two parts. The first part analyses the transition effects and reform activities. The second part deals with the economic development of Serbia, by means of structural indicators and composite indices of international institutions. The main results point to the level of realisation by setting the strategic developmental aims and undertaken activities of state institutions for the purpose of reducing the differences in development compared to the EU.

[R1; R2; R3; R4; R5; H1; H2; H3; H4; H5; H7; L] VUKOVIC Drenka, "Socijalna sigurnost", Univerzitet u Beogradu – Fakultet političkih nauka, Beograd, 2009.
"Social Protection"

The book is a result of the author's longstanding research of contemporary social protection systems in the context of their historical development, character of existing models, reform processes and strategic orientations in terms of their future changes.

The publication also includes considerations of transition changes in Serbia and effects of socio-political reforms in the area of old-age and disability insurance, health, support and help for unemployed, poor, children and vulnerable groups. Levels of their social security have been measured by a set of relevant indicators for living standard and social inclusion. Presented research results have pointed to the following: the defined scope of rights and social transfers for covering the risks of old age, disease, unemployment and poverty cannot provide an adequate level of protection to vulnerable groups and individuals. Changes towards the activation of public programmes' beneficiaries are also absent. This problem is especially highlighted by the negative effects of the global economic crisis, aggravated conditions in the economy and limitations of budget expenditures. Guaranteeing the minimum living standard and constructing a sustainable and efficient system will be a key issue in the social reforms of tomorrow.

[R1; R2; R3; R4; R5; H1; H2; H3] VUKOVIĆ Drenka, ARANDARENKO Mihail (ur), "Socijalna politika i kriza" Univerzitet u Beogradu – Fakultet političkih nauka, Beograd, 2009.
"Social Policy and the Crisis"

The monograph is an outcome of work of the research team and outside researchers engaged in the realisation of a project financed by the Ministry of Science and Technological Development of the Republic of Serbia. The contents of the book include a wide area of issues regarding the effects of the crisis on global, regional and national levels, with focus on state intervention measures with a view to mitigating its social consequences.

The authors are especially interested in problems present in the countries of the Western Balkans, national policies and labour market programmes, social welfare, old-age system and social protection in general. The effects of the financial crisis on the Serbian situation are also taken into account, from the point of view of anti-recession measures, fiscal constraints, the role of international financial institutions and available capacities for solving the crisis. An in-depth analysis of problems in the functioning of reformed social protection systems, with focus on old-age systems and strategic orientations in the field of population policies, contribute to a comprehensive understanding of the situation on the national and global levels. A summary of the National Strategy of Sustainable Development in English is given as a separate enclosure, which enriches the contents of the monograph and contributes to a more comprehensive understanding of problems.

[R1; R2; R3; R5] MATKOVIĆ Gordana, BAJEC Jurij, MIJATOVIĆ Boško, ŽIVKOVIĆ Boško, STANIĆ Katarina, "Izazovi uvođenja obaveznog privatnog penzijskog sistema u Srbiji", Centar za liberalno-demokratske studije, Beograd, 2009.
"Challenges of Introducing a Mandatory Private Pension System in Serbia"

This monograph belongs to those rare studies about the possibilities and effects of the introduction of private pension insurance, with a comparative overview of reforms in Serbia, transition countries and Latin America. The scope of explored issues, critical approach to the problem, detailed analysis of theoretical concepts of multi-pillar model and transition costs, present a special value of articles. The reasons for the introduction of the second pillar, its justification and conditions in Serbia are analysed within the context of relevant indicators of the capital market situation, obstacles to pension funds and development of the financial market.

The aim of the study is defined in more detail as "clarification of functioning and organising principles" of a mandatory private pension system, pointing to advantages and shortages as well as necessary preconditions for its introduction. Researching the trends and specifics of the Serbian reforms, experience of other countries and risks of pension fund privatisation, resulted in the conclusion that "even today it is not recommended to introduce the 2nd pillar in Serbia". This is justified by an argument of demographic changes and the "political situation". Special problems refer to an underdeveloped financial market and administrative capacities for its regulation, high transition costs and the lack of clear evidence that privatisation means safe old age and "pensions that are high enough".

[R1; R2; R3; R5] MIJATOVIĆ Boško (red), "Institucionalne reforme u 2009. godini", Centar za liberalno-demokratske studije, Beograd, 2010.
"Institutional Reforms in 2009"

The study is an outcome of the editor's regular work on the analysis of transition changes in Serbia and institutional reforms after 2000. The book presents a detailed overview of important events in 2009, in the field of reforms and functioning of basic institutions of "political, economic and social systems". General results of research show that, according to conclusions of the authors, there are not many positive steps, and that observed problems should be eliminated in the future.

The thematic concept of the book includes the general appraisal of institutional reforms, their functioning, the relation between Serbia and the EU, the rule of right, the real sector and public finances. Pensions and social welfare of the poor are analysed within the context of effects of the financial crisis and current changes in Serbia. Freezing pensions and further changes in the old-age system are in direct connection with financial problems and requirements regarding the elimination of privileges for certain groups of insured. The issues of pension indexation and risk of further decline of pensions compared to salaries are also taken into account.

[R1; R2; R3; R5; H1; H2; H3; H4] Svetska banka, "Srbija: kako sa manje uraditi više - suočavanje sa fiskalnom krizom putem povećanja produktivnosti javnog sektora" - Izveštaj br. 48620-YF, 23 May 2009.
"Serbia: How to Do More with Less – Confronting the Fiscal Crisis via Increased Productivity of Public Sector"

The report analyses the effects of the global economic crisis, budgetary constraints and fundamental reforms in key public services, with a view to reducing expenditures and increasing productivity in Serbia. Research of economic trends, stand-by arrangements with the IMF and distribution of public expenditures are based on the latest indicators and projections of budgetary costs. A comprehensive analysis of old-age and health insurance deals with the issues of the character of the system, eligibility criteria, financing sources and needs to reform them, for the purpose of reducing the budgetary expenditures. Freezing of pensions, limiting early retirement and modernising administrative capacities are only a few of the recommended measures. The report includes an appraisal of the health system, from the point of view of its organisation, financing, problems in practice and comparative analysis of other countries.

[R1; R2; R4; H1; H2; H5] Vlada Republike Srbije, "Izmenjeni i dopunjeni nacionalni program za integraciju Republike Srbije u Evropsku uniju", Beograd, 2009.
"Changed and Complemented National Programme for Integration of the Republic of Serbia into the European Union"

The publication presents an overview of legislative and administrative measures that should be taken, in order to be able to fulfil the majority of obligations necessary for EU membership by the end of 2012. The changed programme has four chapters and two annexes. The Copenhagen criteria are taken into consideration within the first three chapters, while the fourth chapter refers to the current situation and plans regarding the preparation of national versions of EU legal acquis*. In the annexes, legislative activities in the period 2010-2012 are presented in more detail, along with a tabular presentation of the dynamics of passing laws and other by-law documents. The issues of coordination of social protection system, insurance sector and voluntary pension funds, health, labour market activities, demographic-social statistics, social insurance and other related issues are taken into special consideration.*

[R1; R2; R4; R5; H2; H5; H7; L] Vlada Republike Srbije, "Održivi razvoj Srbije - naša zajednička budućnost, Nacionalna strategija održivog razvoja", Beograd, 2009.
"Sustainable Development of Serbia – Our Joint Future, National Strategy of Sustainable Development"

Social aspects of the sustainable development of Serbia are an important dimension of strategic aims directed towards the creation of its balanced socioeconomic development and environmental protection. Based on globally accepted principles, national priorities and vision of Serbia by 2017, the strategy is brought into direct connection with the process of the EU accession, the aims of the national integration programme and the EU Sustainable Development Strategy. The structure of the National Sustainable Development Strategy is as follows: basics of orientation to sustainable development, the "three pillars" in detail, institutional framework and financing.
Social components of the strategy are detailed within a complex of socioeconomic conditions and perspectives, bearing in mind societal values, challenges of

demographic changes and reforms of the social protection system, the policy of equal opportunities, the public health and housing policy as well as the public participation in decision-making. The Action Plan defines measures and activities, competent institutions and dynamics in terms of the established aims' realisation. The mentioned thematic framework reviews the current situation and problems, defined aims and strategic orientations, European standards and obligations Serbia has in the process of accession and association to the European Union. A long list of indicators enables the monitoring of the strategy implementation in certain areas and regular reporting about its progress.

[R1; R4; R5] ŽIVKOVIĆ Boško, STAMENKOVIĆ Stojan (red), "Ekonomska politika Srbije u 2010. g. Ka novom modelu makroekonomske stabilnosti", Naučno društvo ekonomista i Ekonomski fakultet u Beogradu, Beograd, 2009.
"Economic Policy in Serbia in 2010. Towards a New Model of Macroeconomic Stability"

The monograph includes the papers of eminent experts about a new model of growth in the context of the world financial crisis, macroeconomic disturbances and problems in the Serbian economy. Results of the research are summarised in a conclusion that the new economic policy has to be built on a "healthy basis" and an agreement about aims of sustainable economic development in 2010. Social components of the crisis are considered within the framework of the analysis of growth and GDP structure and expenditures of budgetary resources for pensions and benefits in the form of state help for the poor.

Macroeconomic stability and economic growth are researched in detail in an important number of papers. They present important indicators of the situation, projections of further developments and long-lasting effects of the crisis. As an important measure for the reduction of public expenditures, the freezing of public wages and pensions is recommended. This measure is also analysed from the point of view of its effect on increasing the poverty risk among pensioners and public employees. There are also papers about the causes and consequences of the global crisis, structural problems of the Serbian economy, monetary policy and business dealings of companies in this new situation.

[R1; R5; H1; H2; H4] Konferencija u organizaciji Ministarstva zdravlja Srbije i dnevnih novina "Danas" "Demografska slika Srbije- ekonomske i društvene posledice", Beograd, 8 March 2010.
"Demographic Picture of Serbia – Economic and Social Consequences"

The aim of the conference was to point to the problem of demographic ageing, the health situation of the population and the role of the media in that process. It dealt with questions, such as why Serbia is in the European top, when talking of mortality rates based on risky life styles; how high mortality rates of the working age population, connected with diseases that could be prevented, influence the aggravation of the demographic picture of Serbia; and how low birth rates in Serbia affect the long-term demographic trends. The sustainability of the pension system in the situation of negative demographic trends and the decrease in the working-age population are also issues dealt with in the conference. Participants tried to point to the role of the state in preventing the consequences and to the measures that should be taken in the coming years in the fields of public health and population policy.

[R1; R5; H3] RAŠEVIĆ Mirjana, "Zanemarenost siromašnih starih u Srbiji - izazov socijalnoj politici" Socijalna misao, vol. 16, br. 4, Beograd, 2009. Retrieved from: http://scindeks.nb.rs/article on 3 March 2010

"The Poor Neglected Elderly in Serbia: A Challenge to Social Policy"

The article deals with the issue of demographic changes and characteristics of poverty among the oldest people in Serbia. The presented results show that the poverty rate in elderly people is above average - it affects people with low qualifications and in rural areas, in the South Eastern part of Serbia, and mostly women. Elderly and poor people have a worse health situation, but not enough money to provide themselves with additional forms of medical treatment and care. The state programmes of help are not sufficient and cannot provide an adequate protection to retirees and people without constant incomes.

[R1; R5; H1; H2; H4] Konferencija u organizaciji Ministarstva zdravlja Srbije i dnevnih novina "Danas" "Demografska slika Srbije- ekonomske i društvene posledice", Beograd, 8.03. 2010.

"Demographic Picture of Serbia – Economic and Social Consequences"

The aim of the conference was to point to the problem of demographic ageing, the health situation of the population and the role of the media in that process. It dealt with questions, such as why Serbia is in the European top when talking of mortality rates based on risky life styles; how high mortality rates of the working age population, connected with diseases that could be prevented, influences the aggravation of the demographic picture of Serbia; and how low birth rates in Serbia affect the long-term demographic trend. The, sustainability of the pension system in the situation of negative demographic trends and the decrease in the working-age population are also issues dealt with in the conference. Participants tried to point to the role of the state in preventing the consequences and to the measures that should be taken in the coming years in the fields of public health and population policy.

[R4; R5; H3] Vlada Republike Srbije, Praćenje društvene uključenosti u Srbiji, Beograd, 2009.

"Monitoring Social Inclusion in Serbia"

The process of Serbia's approach to the European Union has brought into focus the discussions about the conditions to be met in the area of social policy and social exclusion measuring. The study on monitoring the inclusion is a first step in the process of developing a methodology on the basis of information standardisation in the EU member states. Established instruments are based on the Leaken indicators and national specificities, with a view to identifying key problems and making comparative analysis of basic indicators.

The contents of the study are structured within separate thematic topics, starting with an overview of the situation in the area of researching and measuring social inclusion in the EU, definition of basic concepts and specifics of the situation in Serbia. A detailed breakdown of social inclusion indicators and methodological principles, suggested list of indicators and available data are a central part of the study. Shortages in national sources and the need to make further progress in the direction towards the European requirements are also presented. The given recommendations refer to the need to implement a national action plan, establish special bodies for social inclusion monitoring and promote the social inclusion concept and policies. In conclusion, the need to advance the research of social

inclusion is stressed as well as the need to found them on the European methodology and specificities of the situation in Serbia.

[Health]

[H1; H3; H4; H5] Republički fond zdravstvenog osiguranja, "Informator o radu", Beograd, 2010. Retrieved from:
http://www.rzzo.rs/download/informator_o_radu_2010.pdf, on 3 March 2010
"Information about Work"

The latest issue was published in March 2010. It contains basic information of importance for the health care system in Serbia. The Report on Work of the Republic Fund of Health Insurance contains data about the structure and competencies of the fund's bodies, financial plan, services and procedure for effectuating the rights. There is also information regarding effectuating the right to free access to information of public interest.

[H3, H4] Institut za javno zdravlje Srbije "Dr Milan Jovanović Batut", "Izveštaj o unapređenju rada u zdravstvenim ustanovama Republike Srbije u 2008. godini", Beograd, 2009.
"Report on Improvement in Health Institutions' Work in the Republic of Serbia in 2008"

The study is the result of research into the quality of work of health institutions on all levels (primary, secondary, tertiary) in 2008. The satisfaction of patients with services was measured via a list of indicators adopted by the Ministry of Health of the Republic of Serbia. Obtained results point to positive trends in evaluations made by patients, regarding the quality of health services. Similar changes are present among employees, too. Concluding remarks contain a recommendation about the revision of certain indicators, in order to be able to adopt the obtained results to eliminate the observed shortages.

5 List of Important Institutions

Univerzitet u Beogradu – Fakultet političkih nauka, Odeljenje za socijalnu politiku i socijalni rad
University of Belgrade – Faculty of Political Sciences, Department of Social Policy and Social Work

Contact Person: Prof. Dr. Drenka Vukovic
Address: 11000 Belgrade, Jove Ilica 165
E-mail: drenka.vukovic@fpn.bg.ac.rs
Webpage: www.fpn.bg.ac.rs

The Faculty of Political Sciences is an integral part of the University of Belgrade. The Faculty has four departments: the Department of Political Studies, the Department of International Studies, the Department of Journalism and Communications and the Department of Social Policy and Social Work. As a unique educational, scientific and research institution, the only one of its kind in Serbia, the faculty takes a prominent place in the area of educating personnel, creating policy and practice in the social sphere. The curriculum has courses in social security systems and related scientific disciplines in the graduate and masters courses.
The Department of Social Policy has published many publications – university books, expert brochures, studies and monographs, as results of work on the realisation of scientific research projects.

Centar za liberalno-demokratske studije - Centre of Liberal-Democratic Studies

Contact person: Dr. Boško Mijatovic
Address: 11000 Belgrade, Kralja Milana 7
Webpage: www.clds.rs

The centre is an independent research institution analysing and publishing proposals for state policies, organising conferences and lectures on some central problems, as a part of its mission to influence the public opinion in Serbia. The basic principles in the creation of the centre's proposals are: individualism, freedom, values of free market, individual choice and responsibility.
It publishes books and working documents, many of which refer to sociopolitical issues and reforms.

Ministarstvo rada i socijalne politike Republike Srbije - Ministry of Labour and Social Policy of the Republic of Serbia

Address: 11000 Belgrade, Nemanjina 22-24
Webpage: www.minrzs.gov.rs

Pursuant to the laws, the ministry administers the following areas: labour relations and labour rights; population policy; social protection; old-age and disability insurance; insurance of military contributors; concluding and implementing international agreements on social insurance, etc. Tasks relating to labour, old-age and disability insurance and social protection are organised within different sectors. Strategic documents and action plans establish the policy of the ministry as an umbrella institution in a significant part of the social security system. The Fund of Old-age and Disability Insurance has the status of an organisation for mandatory insurance and it collects funds for the effectuation of the rights prescribed by the laws.

Institut za javno zdravlje Srbije "Dr Milan Jovanovic Batut" - Institute of Public Health of Serbia "Dr Milan Jovanovic Batut"

Address: 11000 Belgrade, Dr Subotica 5
Webpage: www.batut.org.rs

The institute is a health-care institution performing the tasks of general interest in the area of health care in Serbia. It has the character of a scientific and educational state institution. The work of the institute is organised within several centres (for the promotion of public health, information and bio-statistics, analysis, planning and organising health care, research in the area of public health, etc). In cooperation with the Ministry of Health and other relevant institutions, the Institute of Public Health has participated in the creation of health policy and the realisation of a number of important projects. It publishes studies, books, reports and documents relevant to the health system in Serbia.

Ministarstvo zdravlja Republike Srbije - Ministry of Health of the Republic of Serbia

Address: 11000 Belgrade, Nemanjina 22-24
Webpage: www.zdravlje.gov.rs

Pursuant to the Law on Ministries, this ministry has competency in the tasks relating to the organisation of health services, health insurance and financing, public health and programme activities in the process of health system reforms. The ministry prepares regulations, rule books, and strategic and planning documents. The fund of mandatory health insurance collects funds for the effectuation of the rights prescribed by the laws.

Narodna banka Republike Srbije - National Bank of the Republic of Serbia

Address: 11000 Belgrade, Nemanjina 17
Webpage: www.nbs.rs

The National Bank of Serbia (NBS) is entrusted with supervising the insurance activities, with issuing the licences for performing insurance and reinsurance activities, with mediating and representing in insurance, as well as with performing activities in direct connection with insurance activities, etc. Its main principles of work in the area of insurance are to provide transparency in its decision-making as well as orientation towards continuous reform of the financial sector.

This publication is financed by the European Community Programme for Employment and Social Solidarity (2007-2013). This programme was established to support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Strategy goals in these fields. The seven-year Programme targets all stakeholders who can help shape the development of appropriate and effective employment and social legislation and policies, across the EU-27, EFTA and EU candidate and pre-candidate countries. The Programme has six general objectives. These are:

(1) to improve the knowledge and understanding of the situation prevailing in the Member States (and in other participating countries) through analysis, evaluation and close monitoring of policies;
(2) to support the development of statistical tools and methods and common indicators, where appropriate broken down by gender and age group, in the areas covered by the programme;
(3) to support and monitor the implementation of Community law, where applicable, and policy objectives in the Member States, and assess their effectiveness and impact;
(4) to promote networking, mutual learning, identification and dissemination of good practice and innovative approaches at EU level;
(5) to enhance the awareness of the stakeholders and the general public about the EU policies and objectives pursued under each of the policy sections;
(6) to boost the capacity of key EU networks to promote, support and further develop EU policies and objectives, where applicable.

For more information see:
http://ec.europa.eu/social/main.jsp?catId=327&langId=en