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Pensions, Health and Long-term Care

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Authors: Natalija Perisic; Drenka Vukovic

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1 Executive Summary

Confronted with the negative trends on the labour market, ageing of population and increasingly apparent effects of financial and economic crisis, the pension system in Serbia is under strong pressure to reform. The reform processes since 2000 have been directed towards parametric changes and the introduction of voluntary private insurance, with a reluctance to introduce mandatory private insurance.

The primary objective of the reforms has been the strengthening of the system's financial sustainability. However, the issue of high budgetary expenditures has not yet been resolved. Additionally, the objectives of the changes were supposed to be oriented towards the following: providing stable and sufficiently high pensions for all; creating a financially viable pension system; increasing local savings and accelerating economic development; improving the equity of the pension system; and extending pensioners' options for choice.

The comparisons of the actual situation in the pension system in Serbia with the OMC objectives reveal mixed results of the reforms that have been undertaken. It will be necessary to put a lot of effort into providing adequate retirement incomes for all and access to pensions, employing the elderly, and enabling adequate information and transparency in the future. Not all elderly people are covered by the pension system and the rate of poverty is very high in this population.

The health-care system, which was significantly damaged during the periods of political crises, wars and sanctions of the 1990s, is characterised by very slow reforms in the face of the situation of the worsening of the population's health situation. The basic objectives of the reforms have been directed towards improving health status of the population, fair and equal access to health protection, improvements in quality and efficiency, setting up a sustainable financing system, rationalising the network of health institutions and reducing the number of employees in the health-care system.

An overview of the existing situation and the possibility of achieving the OMC objectives shows that the major part of the reform objectives has not been achieved. However, a complex evaluation of the results of the implementation of the planned measures was not carried out. The burdens on the smooth functioning of the health protection system in Serbia include the giving up of crucial changes, unresolved issues regarding privatisation, and high expenditures.

The demands of long-term care point to the need for better coordination between the systems of health care and social protection. Overall accessibility is low, but this varies depending on the right in question. The quality of services in health and social institutions is not equal and there are some indications that the quality of services in non-institutionalised care is better than the quality of services in institutionalised care of the elderly. At the moment, there are no economic resources devoted to its sustainable independence or expansion.

The reduction in economic activity, the drop in national demand and the problems characteristic of the labour market have resulted in a decrease in public revenues and affected the structure of the state expenditures. The Budget Rebalance of 2009 provides for changes in the transfers for the organisations of mandatory social insurance, which will be reflected in the finances of the funds of old-age and health insurance. At the same time, unemployment growth and measures to increase taxes will result in decreased revenues, due to the avoidance of paying contributions and the expansion of the grey economy. Freezing of salaries and pensions in conditions of higher inflation will cause a drop in the living standard and an increase in poverty.

2 Current Status, Reforms, and the Political and Scientific Discourse during 2008

2.1 Pensions

2.1.1 Characteristics of the existing system and reforms

The most important reforms of the pension system in Serbia were made 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 are 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 realised during the whole period of employment; and strengthening the conditions for the effectuation of the rights to a disability pension (Vukovic, 2005).

The objective of subsequent legislative changes of 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 tones 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, but gradually by 2010. The changes also affected the way that pension adjustment took place, by shifting from the Swiss formula to the indexation according to the cost of living only. These changes were introduced gradually by 2009. The limitation was that the average pension cannot be below 60% of average wage by the end of 2008 (Mijatovic, 2008).

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 to the state Fund of Old-age and Disability Insurance.[3] In 2008, the fund had 2,476,000 insured persons – out of this number 1.8 million were employed, 353,000 were members of freelance professions and 323,000 were insured farmers. In November 2008, 1,304,745 pensioners belonged to the category of formerly employed, 50,554 were the pensioners of freelance professions and 222,878 were farmer pensioners (the Republic Fund of Old-age and Disability Insurance, 2008).

The contribution rate based on mandatory pension insurance is 22%[4] and it is equally divided among employed persons and employers (each 11%). The funds paid by the contributors are not enough for pension payments, and therefore a significant part of the fund's deficit is covered by the budget (about 40% or 4–5% GDP). According to the financial plan of the Fund of Old-age Insurance for 2009, the revenues will amount to RSD 460,395 billion (about

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 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.

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

EUR 4603 million),[5] out of which RSD 262,235 billion will be covered by the contributions. The greatest part of the funds (RSD 452,684 billion) will be used for paying pension and other benefits based on mandatory social insurance (the Republic Fund of Old-age and Disability Insurance, 2009).

The right to an old-age pension can be effectuated at the age of 65 for men or 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 evaluated as equivalent to 40 years (men) or 35 years (women) also have the right to old-age pensions. Finally, they have this right at any age with the least 45 years of coverage (both men and women), which applies to the persons who worked on the jobs with reduced service years. There are special provisions for those persons and also for disability pensioners. In 2008, the majority of pensioners received old-age and disability pensions (78%), while the share of those in receipt of survivor pensions was less significant (22%).

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 a 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. 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).

The abovementioned 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 employed as long as possible. In the last five years, the average coverage of pensioners was about 38 years for men and up to 32 years for women. In 2007, about 40% of old-age pensioners retired with full coverage (40 years). An average length of receiving pension payments was about 13 years for men and 19 years for women.

Guaranteed level of income in old age is realised according to legal regulations on the minimum pension amount for old-age and disability pensioners, which is determined at the level of 25% of the average salary in the preceding year. According to the data of the Republic Fund of Old-age and Disability Insurance for 2008, the lowest pension for the category of the employed and the self-employed amounted to RSD 11,000 (about EUR 110). The lowest pension for farmers was 20% of the average salary in the preceding year and amounted to RSD 8400 (about EUR 84). The law also prescribes the highest pension amount, which is about EUR 1,000. At the end of 2008, out of the total number of pensioners in the employed category (1,305,000), 170,000 pensioners had pensions below or up to the guaranteed level and 90,000 of them were beneficiaries of survivor pensions (mainly women). In the structure of farmer pensioners (223,000), the greatest number (200,000) received pensions amounting to the guaranteed level. As a consequence, this group of pensioners runs an above-average risk of poverty.

Formerly, the PAYG system in Serbia was organised within three separate state funds: the employee fund, the self-employed fund and the farmer fund. In order to rationalise costs and increase efficiency in administering insurance jobs, all three funds were integrated and one joint fund was formed. The Republic Fund of Old-age and Disability Insurance started its

[5] 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 4 May 2009, the value of EUR 1 was RSD 94.81. For the purpose of simpler calculation, and in order to avoid everyday fluctuations, this report approximates the value of EUR 1 to RSD 100.

operations in 2008, but the activities of financial consolidation should continue during the two years after that.

Voluntary insurance is underdeveloped. It is realised via private pension funds. Since 2006, the National Bank of Serbia has issued 9 working licences to private pension funds. At the end of 2008, the net worth of those funds amounted to RSD 4640 million (about EUR 50 million). The total number of members of voluntary funds is 195,000, of which 66,000 receive regular payments into their individual accounts.[6] Persons aged 30–49 (60%) and over 53 (19%) form the majority of the members, while persons under 30 invest less in private funds (10%). The greatest part of the property are the funds in custody accounts (54%) and investments into state shares (34%), while 60% of the funds are in Euro currency. 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 in the amount of RSD 3500 (EUR 35).

The privatisation of pension funds and 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. The accepted solution (restructuring the system of mandatory insurance (I pillar) and introducing the III pillar (voluntary private insurance)), was justified by the facts relating to experiences of other transition countries, high transition costs, an underdeveloped financial market, deficits in the mandatory insurance fund, etc. The Law on Voluntary Pension Funds and Pension Plans[7] enacted in 2005 regulates the following: the voluntary pension funds' 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.

2.1.2 Strategic documents and analyses

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

Serbia does not have a special strategy of pension system reforms, but the aims of changes are presented in 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 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" (The Poverty Reduction Strategy Paper, 2003: 124).

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6 This difference between the number of the members of voluntary pension funds and the number of persons receiving regular payments, i.e. a significant reduction of overall payments for private insurance, originates from the fact that certain public companies have ceased paying contributions for their employees.

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

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 limit; voluntary postponement of retirement, even despite eligibility; continuing employment even after the retirement; increasing the pension amounts, etc. Two reports on the strategy implementation issued in 2009 include situation analyses in the field of pension reforms and their effects on poverty.

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 on 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 security 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 security system are, *inter alia,* improvement of the efficiency component of this system and provision of a higher level of social security for the beneficiaries of the systems of social insurance, social 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.

2.1.3 Impact assessment

Demographic trends in Serbia point to a constant decline of the population and its tendency toward extreme ageing. According to the data from the population census of 2002, negative population growth is present in almost all municipalities, while the average age of the population is 47 years and 16% of the population (1,240,000) is 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 the level of 27%. In the same period, persons under 15 will present only 12% of the population.

The projections of changes in the age structure of the population point to a further increase in the number of elderly people in the total population, which will have a negative effect on the dependency ratio. Employed people will have to pay higher contributions in order to finance the pensions within the scope of mandatory insurance. The growth of expenditures requires higher contribution rates and increased budgetary donations, thus affecting the possibility of financing the current system and limiting the provision of an adequate living standard in old age. 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.

The labour market in Serbia is characterised by an drop in employment and high unemployment rates. In 2008 (the Labour Force Survey) 2,805,307 people were employed (44.2%) and 457,205 unemployed (14%).[8] The majority of the unemployed are young people, persons without any qualifications, women and elderly persons who lost their jobs during the privatisation process. In 2008, the employment rate of persons over 65 was 11.4%.

Older workers (55–64) are especially exposed to the risk of remaining out of work. In 2008, their employment rate was 37.9%. Stimulating measures for employing older workers do not

[8] In October 2008, the activity rate was 51.4% and inactivity rate was 48.6% (Labour Force Survey, 2008).

have profound effects in practice. Compared to the EU Member States, the situation on 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 by 2011.

Table 1 - Hypothetical replacement rates according to gender (2007, % 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	67.0	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	9.0	7.2	5.4	3.6	1.8	0.0

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 the 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 on the labour market ... The greatest stimulus is for women retiring with 35 years of coverage" (FREN, 2008: 72).

In 2008, consolidated public expenditures amounted to 43.3% of GDP, out of which expenditures for social protection and transfers for the population had a share of 17.1% of GDP. In the following years, according to the projections on economic and fiscal policy (the Ministry of Finances, 2008: 42), these expenditures are expected to decrease to 16% in 2011, which is, in the light of current developments, not very likely to occur. At the same time, a reduction in pension expenditures was projected, including the contributions for health insurance from 12.7% in 2007, to 13.5% of GDP in 2008 to 12.2% in 2011. Those projections were based on the assumption that there would be changes in the pension indexation (returning to the Swiss formula) and that the growth of total number of pensioners would be 2% per year.

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	5381	90	4865	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 (RFPIO) (2009)

An indexation change in 2005 directly affected the pension amounts and their ratio to wages. Since 2006, pensions have been adjusted twice a year, according to the growth in cost of living. In January, April and October 2008, there were extraordinary adjustments of 11.06%, 6.97% and 14.13% respectively. These adjustments were the consequence of the influence of the Pensioners' Party, a part of the Government that is in favour of increasing pensions and changing the adjustment formula (so that it takes into account both wages and the cost of living). Despite the warnings of international financial institutions and disagreements of certain ministers, the Government made the extraordinary increase in October 2008. However this did not significantly change the situation of pensioners in Serbia, because of the increase in living costs and inflation. Nominally, the pension amounts increased, but these two factors resulted in a decrease of the real value of their pension increases.

Apart from the discussions about the introduction of mandatory private funds, it seems that there are no necessary preconditions for their functioning, due to high transition costs and an underdeveloped financial market. The strategic orientation towards the introduction of the so called "0 pillar" (basic or social pensions) was not realised.

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 institutions in the previous year. *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 areas of the high proportion of GDP spent on pensions and the increase of the dependency ratio (1.6:1). The analysis stresses "four options" (not to do anything; further changes of parameters of the existing system in a more restrictive direction; reforms pursuant to the World Bank's model; and capitalisation of 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 the 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 čekaju - 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 civil sector. International institutions and representatives of competent ministries had a significant role in the creation of final recommendations, which could be potentially 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 pensions, their decreased participation in 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 mechanism of financial support to those over 65 without pensions.[9] The optimal amount for "social pensions" would be about RSD 12,000 (EUR 120) and would be paid from the Republic budget. It is not likely that such a programme of financial support to poor elderly persons, i.e. pensioners, will be introduced in the future.

2.1.4 Achieving the OMC objectives

The process of accession and association of Serbia to the European Union (EU) has been followed 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 other countries, Serbia is late with the production of a strategy on social protection and social inclusion (EC, 2008) and an action plan. Political instability, economic crises and expected social effects will determine the contents of the reform process in the period to come. The measures of restrictive policy and planned reduction of expenditures for social protection and pensions will result in further impoverishing the elderly and decreasing the living standard of pensioners.

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 have any pensions or a secured monthly income. A certain number of persons who are not eligible for receiving pensions did actually previously work, but not long enough to meet the criteria regarding 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 receive minimum pensions or pensions below the average (about 50%). The beneficiaries of disability and survivor pensions, farmer pensioners, women, refugees, ethnic minorities (Roma) and internally displaced persons (IDPs, 250,000) are especially exposed to the risk of poverty. A significant number of the working-age population works on the grey market without paying any contributions and invests extremely low sums into private pension funds. Negative experiences from the 1990s (pyramidal banks) and frequent changes in the law influence the growing suspiciousness of present and future pensioners, who lack adequate information and who do not exercise any significant influence over the Government's policies.

2.1.4.1 Adequacy of incomes

Measurement of poverty in Serbia (the Living Standard Surveys of 2002 and 2007) shows a decrease in 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,

[9] These are the results of research carried out by the NGO Amity in October 2008 on a sample of 1021 persons over 65 without income, i.e. with income under RSD 6500 (EUR 65) living in the territory of Serbia (without Kosovo and Metohija).

and females. According to the results of the Living Standard Survey (2007), the poverty rate of the elderly is high (9.6%) and well over the Serbian average.

The state programme of financial support to the poor is modest and does not provide help for all poor people. Eligibility criteria are unfavourable, and therefore in 2007 only 50,000 households (2%) realised the right to social assistance. The defined poverty line is lower than the absolute poverty line used in the survey, so that the amount of social assistance does not enable the satisfying of even basic needs. In the structure of beneficiaries, the pensioners have the lowest share. In the period from 2002 to 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.

2.1.4.2 Employment and financial sustainability of the system

Strengthening the system's financial stability by means of raising contribution rates seems to be unacceptable, bearing in mind the negative experience from the previous period and positive practice of other countries. Their further proposed raising to above 20% could result in the avoidance of payment of the contributions and people finding work on the parallel market. High taxes and contributions are not stimulating for employers. They are not good for investing into new jobs, do not provide necessary competitiveness and do not attract new investors.

One of the potential directions for new changes could be the introduction of the three pillars model. However, in previous years not so much has been done and this option does not seem feasible. The results of the work of voluntary pension funds are modest, with a constant dose of suspiciousness about the savings' safety. Provision of minimum pensions to persons with 15 years of coverage and the introduction of "social pensions" would significantly increase expenditure and therefore is not feasible in the current situation.

The financial sustainability of the system could be expected to be jeopardised in the situation of current economic crises. One of the reasons is that there exists the Government's clear commitment to reduce the budgetary expenditures, intensified by the need to obtain the support of international financial institutions. But, on the other hand, decreased and slowing rates of paying contributions would require higher budgetary participation.

2.1.4.3 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 state are members of the managing and supervisory boards of the fund.

The National Bank of Serbia (NBS), as a supervising body for the societies for managing voluntary pension funds, concerns itself with the transparency of the work and the system of risk management. Establishing "a real transparency of the work will be followed by an adequate transparency … with a view to controlling the process of professional, academic and general public and establishing mutual confidence" (NBS). At the beginning of 2009, the bank made a new decision on prospect, in order to provide better-quality information for the members of voluntary pension funds. The NBS also regulates the issues of electronic sending

of data and expert examinations for performing the job of informing members of voluntary pension funds, as well as publishing brochures.

2.2 Health

2.2.1 Current situation and reforms

The existing health system in Serbia is based on a long tradition and laws from the pre-transition period. Health insurance covers about 6.5 million insured persons and members of their families, while the funds for 1.2 million citizens are provided from the budget. The private sector is not included in the system of mandatory health insurance.

Health protection is financed by the Republic Bureau for Health Insurance, the budget and other sources. The basic sources of revenues for health insurance are contributions from employed persons, other insured persons and employers (rate of 12.3%). In 2008, contributions from employees and employers presented 70% of total revenues of the Bureau, 23% coming from transfers from the organisation of mandatory insurance and 7% from other revenues and incomes.

The Bureau finances the work of the state health institutions and payments for sick-leave and maternity leave. Collecting of funds has stabilised so that in 2008 there were funds of about EUR 237 per insured person. In 2008, an additional EUR 18 per citizen was provided by the budget and total expenditure- on health amounted to EUR 255 per Serbian citizen. The financial plan for 2009 forsees revenues of RSD 193,150,000,000 (about EUR 1,931,500,000).

The structure of the Republic Bureau for Health Insurance in 2008 showed almost half of the funds (46%) were directed towards paying salaries for 100,000 people employed in health, 38% was for other health-care costs , 11% for prescription drugs, 3% for sick-leave benefits, travel allowances and funeral services, and 2% for salaries of those employed in the Republic Bureau for Health Insurance and other expenditures. The smallest expenditures are for preventive care, while about 33% and 63% of expenditure goes on primary and secondary care respectively (EC, 2008).

Health care is realised through a network of health institutions in the state[10] and private sectors. The founders of the state health institutions are municipalities (primary level of care), the Republic, the provinces and the City of Belgrade (secondary and tertiary level of care). The health-care system is characterised by a developed network of primary (health centres, health stations and policlinics), secondary (general and special hospitals) and tertiary care (clinical-hospital centres, clinics and clinical centres). Many health institutions have been renovated and equipped with new medical devices.

In 2007, there were 301 health institutions in total; compared to 1997 (228 health institutions), only three new institutions were founded. The majority of institutions are in the sector of primary care – in 2007, there were 116 of them; there also exist 37 special hospitals and 35 pharmacy institutions. According to the data of the Republic Statistical Office there were 5000 private health institutions in Serbia in 2007. The total number of beds in hospitals was reduced by 17% in the period from 1997 to 2007 (The Institute of Public Health of Serbia, 2008).

[10] The Regulation on the Plan of Health Institutions' Network (Official Gazette of the Republic of Serbia, No. 42/06).

The number of people employed in health institutions has been increasing. There also exists a positive trend in the change of the proportion between administrative and health-care employees. In 2007, there were 110,979 employed in the state services, while the number of medical doctors and nurses per 100,000 citizens increased from 272 in 1998 to 528 in 2007. In 2007, 64% of employed doctors were women and the greatest number of doctors worked in stationary institutions (two-fifths). The average duration of hospitalisation was 10 days.

The most dramatic changes were made in the dental services, since the state sector has maintained only children's and preventive dental care. The mandatory insurance does not cover the costs of dental services for the adult population, which is forced to use the services of the increasingly developing private sector.[11] Since the changes in 2005, the number of people employed in dental care has significantly dropped.

Normative regulations provide for just access and equality in the use of services, the treatment and the rehabilitation of patients. The Serbian Constitution guarantees that "every person has the right to the protection of his/her physical and psychological health. Children, pregnant women, mothers during maternity leave, lone parents with children under seven and the elderly have the right to health care from the budget" (Article 68). "Creation of a health protection system enabling equal access to health services, within efficient organisation and realistic resources. Such services would be based on modern technology and state-of-the-art methods, supported by efficient preventive and promotional activities in all relevant state sectors" (The Ministry of Health of the Republic of Serbia – Better Health for All in the Third Millennium, 2003).

The Law on Health Protection of 2005 defines more precisely the points supporting the availability of health services in Serbia. "Principle of availability of health protection is realised by providing adequate health protection to citizens of the Republic of Serbia, and especially health protection on the primary level." Local communities are responsible for "creating the conditions for availability and equality in the use of primary health care on their territories" (Articles 19–20).

The Strategy of Improvement of Health Protection Quality (2009) provides for fair and equal access to services "for all users in certain health needs, regardless the differences based on their gender, ethnicity and race, disability, socio-economic 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 Law on Health Protection defines the principle of the continuous improvement of the quality of health care (article 23), which is realised by "measures and activities in compliance with modern achievements of medical science and practice, increasing thus the possibilities of favourable outcomes and reducing the risks and other adverse consequences for the health and health situation of individuals and the community".

The crises of the 1990s and demographic changes have had a strong impact on the health situation of the population and on life expectancy, both for men and women – in 2007, it was 70.7 years for a man and 76.2 years for a woman, with significant regional variances.

The leading causes of deaths are similar to those in other countries and about 100,000 persons die per year. In 2007, chronic non-communicable diseases caused 85% of all deaths.

[11] Research by the Ministry of Health in 2006 showed that only 8.5% of the adult population in Serbia had its own teeth, 9.3% did not have any teeth and about 30% lacked more than 10 teeth.

Cardiovascular diseases and malignant tumours were dominant in the structure of all causes of deaths 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 socio-economic situation with significant regional variances.

Basic reform directions were determined in 2002 by enacting the health policy 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)[12], the Law on Medicines and Medical Agents (2004), the Law on Chambers of Health Workers and a series of sector laws (EC, 2008). Health protection has a prominent place in various multi-sector strategies, such as the Poverty Reduction Strategy Paper (2003), Strategy for Youth (2008) and Strategy of Prevention and Protection of Children from Mistreatment (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 enacting various programmes in cooperation and supported by international institutions (World Health Organisation, World Bank, European Agency for Reconstruction). The National Strategy for Fighting HIV/AIDS (2005), Strategy for Tobacco Control (2007), Strategy for Mental Health Development (2007), Programme for Fighting Tuberculosis (2005) and Protection of Population from Communicable Diseases (2002–2010) are some of those projects. At the beginning of 2009, the Strategy of Continuous Improvement of Health Protection Quality and Patient Safety was adopted.

The basic aims of the reforms to the public health system have been directed towards improving the health status of the population, fair and equal access to health protection, its better quality and efficiency, setting up a sustainable financing system, rationalising the network of health institutions, and reducing the number of employees. An overview of the existing situation and the possibilities of achieving the OMC objectives shows that the major part of the aims of reform has not been achieved. A complex evaluation of the results of the implementation of planned measures was not carried out; there is no cooperation between the sectors and therefore there is a prevailing opinion that this is a job without an important role for further development of the health system. Huge funds have been invested into renovation of health institutions, frequently connected with scandals and allegations of corruption. Funds collected through various donations from foreign governments and organisations in the amount of over EUR 220 million served to overcome the crises and provide financial viability to the health system. Those funds were mainly directed towards solving urgent problems at the beginning of this millennium, purchasing drugs, sanitary materials and vaccines, and revilatising health institutions. Not carrying out crucial changes, unresolved issues regarding privatisation and huge costs all present a burden to the functioning of the health protection system in Serbia.

2.2.2 Political attitudes and research

Health reforms in Serbia are characterised by an absence of clearly defined attitudes on the part of competent bodies and lack of a true dialogue among them and a 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 institutions. Conflicts, scandals and accusations directed towards the highest-ranking Government representatives have an important impact on raising suspiciousness among the

[12] The Law on Health Protection, the Law on Health Insurance, the Law on Chambers of Health Workers (Official Gazette of the Republic of Serbia, No. 107/05), the Law on Medicines and Medical Agents (Official Gazette of the Republic of Serbia, No. 84/04).

citizens regarding the whole health system and its capabilities as regards meeting the population's needs.

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; 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 Ministry of Health has realised a series of campaigns in order to promote healthy lifestyles and combat smoking, alcoholism, the use of narcotics, etc. For the purpose of better acquainting patients with their rights, the ministry organised a campaign, "You have your rights", and introduced the "white phone" for patient's questions, complaints and comments. Satisfaction of patients and health employees has been closely monitored and the transparency of work has also been provided via the websites of competent bodies.

For health policy creators, the scientific and the professional public, the results of research 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 for 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. Bearing in mind the abundance of data on health in Serbia and comparisons with other countries, it is evident that the presented results will have an important role in the process of creating health policy and conducting health-care reforms.

At the beginning of 2009, the Strategy of Continuous Improvement of Health Protection Quality and Patient Safety was adopted. Its aims are to reduce "unequal quality of health care; unacceptable level of variances in health outcomes; inefficient usage of health technologies; time of waiting 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. Introduction of "quality culture" defines new roles for users and service providers and a special role for management. High-quality health care is "the one enabling the organisation of resources in the most efficient way, in order to satisfy health needs of users for safe prevention and treatment, without unnecessary losses and at high levels of their requirements". Strategic principles of quality health care are: orientation towards the user-patient; safety; efficiency; Waiting time; effectiveness; and fairness.

Control of the quality of work in health institutions has been traditionally carried out by means of supervision. After the adoption of the strategic document on health policy for the period until 2015, the Ministry of Health prepared a special "Explanation for monitoring the quality of work in the health system". The jobs of quality are defined as "a part of everyday activities of health workers and health associates and all other people employed in the health system". The Institute of Public Health of Serbia prepared special methodological instructions for the procedure of reporting about the indicators of the quality of work in health institutions, waiting lists, acquiring and improving knowledge and skills of employees and satisfaction of patients.

2.2.3 Impact assessment

Problems in the financing of the health system in Serbia are apparent in the avoidance of payment of contributions by an significant number of insured persons and employers, which reduces available funds and limits the usage of health care. Inadequate coverage is present in

"vulnerable groups", where a significant number of children is not included in the health-care system. In cooperation with Roma organisations, the Ministry oh Health has carried out education and information programmes about the rights and eligibility criteria. There are a lot of problems with the effectuation of health-protection rights in the population of refugees and internally displaced persons, the costs of health protection for whom are covered by the budget.

Changes to the financing model represent an integral part of health-system reform. The model of "capitation" in primary health care has been developed with the support of the World Bank and the EU. At the level of secondary health care, one innovation is to make payments to hospitals based on diagnostic groups, a move which has not been very warmly welcomed by the practising staff. In the opinion of those employed in health services, this has a negative impact to efficiency, productivity and quality of work. Introduction of selected doctors and payment based on the number of patients was supposed to solve the problem of excessively long waiting times, but the results have been modest so far.

Sustainability of the system also means solving the following problems: private practice and the development of voluntary health insurance; the list of drugs covered by the insurance; corruption; and simultaneous work in the state and the private sector. An excessive influence of politics and the deferral of unpopular measures have a negative impact on the functioning of the system. Therefore, it is not likely that the period of economic crisis will prove to be a favourable moment for the creation of a sustainable health system.

According to the data of the Republic 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 (24% of the population living under the poverty line) 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 that are actually not available in practice). In the Roma population, every third sick person does not use health services because they are expensive.

Out-patient 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 and the citizens of Belgrade (30%) and south-eastern Serbia (29%) use 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 out-patient services (the Living Standard Survey for Serbia, 2002–2007).

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

Gender		Poverty line		Type of settlement		Vulnerable groups		
male	female	under	over	urban	rural	Refugees, IDPs	Roma	unemployed
30%	40%	24%	36%	37%	32%	34%	25%	22%

Source: The Republic Statistical Office (2008)

Services of in-patient care are 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 research on the health status of the population, there are no visible differences in terms of gender, type of settlement and region when it come to using in-patient services. The population below the poverty line (4%) and those belonging to vulnerable groups (Roma 4%, refugees and internally displaced persons 3%, unemployed 3%) 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% population in Serbia. In 2006, every seventh household (13.7%) lived 4 km and more away from the nearest institution of primary health care 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, the first research about the satisfaction of patients with health care was carried out. The research 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. 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.

The results of research regarding the satisfaction of users with health institutions in 2008 showed 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 too long. Every fifth user of these services was not completely satisfied with the time the doctor had devoted to him/her, information obtained about his/her health status and the respect shown by the doctor to his/her opinion" (The 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 research regarding the satisfaction of users with services in secondary and tertiary health care.

In 2008, those employed in the state health institutions[13] were more satisfied with their work compared to two previous years. The greatest number of satisfied employees worked in the health centres (primary level), then those employed in general hospitals, institutes and bureaus for public health, and special hospitals. The greatest number of dissatisfied employees worked in children's hospitals, clinical-hospital centres and institutes for blood transfusion (The 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 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. As regards the regions, the greatest number of satisfied employees was in Belgrade, and after that in Vojvodina, central Serbia and finally in Kosovo.

[13] The research was carried out in November 2008 on a sample of 66,619 employed and 310 health institutions at the primary, secondary and tertiary levels. 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.

2.2.4 The OMC objectives

2.2.4.1 Access and equality

Access and equality of health services represent the rights of each citizen. 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.

2.2.4.2 Improving quality of services

The period of crisis and sanctions resulted in ruining the system[14] and hampered health care in Serbia. Since 2000 certain progress has been realised in terms of improving quality, by investing huge amounts into 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.

2.2.4.3 Financial sustainability of the system

Financing the health system is a critical issue in Serbia. According to official data, in 2005 public revenues for health amounted to 5.5% of GDP, in 2007 6% and in 2008 5.9%. Projections for the period up to 2011 show a decline of the share of public expenditures for health to 5.8% (2009 and 2011), and 7% of GDP in 2010 (Memorandum on Budget, 2008: 45). A significant share of costs for health refers to direct payments in the private sector, purchasing drugs, paying hospital services which are not covered by the insurance and paying under the table (corruption). There are no precise data about these costs, but according to some estimates in 2007 they amounted to EUR 230 per citizen. In that way, total expenditures for health care are far above 10% of GDP. At the moment, precise data are not presented and it is not clear what areas exactly will be directly impacted by financial cuts and to what extent.

2.3 Long-term care

2.3.1 Overview of the system's characteristics

Defined by the European concept of rehabilitation and basic health services, home-based assistance, preparing and serving meals, day care, social support, occupational and supporting activities (such as support in instrumental activities of everyday life), long-term care is not a separate part of the system of social security in Serbia. Its elements are partly presented within the health system and partly within the system of social protection. In that way, competencies and responsibilities for long-term care are combined; they overlap to a certain

[14] The crises 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 the funds for the state health insurance meant that the insured themselves had to pay for the treatments and medicines or to go to private doctors. The state health institutions did not provide even basic hygienic conditions and conditions for check-ups and hospital treatments. At one point, almost a complete stoppage of medicines' supplies occured; the technology became obsolete disbling the performance of certain surgeries.

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.

Health care is the right of all citizens in Serbia, and as such it is the right of people older than 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. Persons over 65 are exempted from paying the participation costs when effectuating the right to health protection. According to the data on household consumption, which are not specific enough to enable a detailed insight into their structure, health expenditure share[15] in total expenditures is higher in households in this category of the population.

Social protection provides for, *inter alia,* the right to material support, allowances for assistance and care provided by care-givers, and accommodation in social protection institutions, as the rights of general interest, the effectuation of which is within the competencies of the Republic. 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 his/her family in a joint household. In the last 20 years, the informal (grey) sector has been gaining increasingly important space in long-term care, in connection with the ageing population, the increase of the number of the oldest elderly and increased rates of employment among women. However, increasingly prominent limitations of satisfying the specific needs of the elderly, along with the trend of nuclearisation of the modern Serbian family, show the importance of helping and supporting the care-givers.

Institutionalised care of elderly in homes for pensioners and the elderly, as a segment of the social protection system, provides its beneficiaries with accommodation, nutrition, care and health protection as well as realising cultural-entertainment, recreational, occupational and other activities. The 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 Republic budget. Institutional capacities comprise 49 homes in state ownership and accommodate 9320 persons. While the biggest accommodation capacities are in Belgrade (1160) and Novi Sad (868) (Ministry of Labour and Social Policy, 2009), homes for pensioners and the elderly do not exist in some municipalities.[16] The network of homes for the elderly is neither evenly distributed throughout the Republic nor equally available. Furthermore, in practice limited capacities have resulted in generating waiting lists.

The network of private 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 homes, in the situation of reduced chances for the effectuation of this right in the state sector, favoured the formation of private homes; though they are not registered as such, they are actually dealing with these activities. One of the deficiencies of private homes is an inadequate coverage of users with professional workers. Accommodation in private homes and other related services are completely financed by their

[15] They amounted to 4% of personal consumption of all households in the third quarter of 2008 (The Republic Statistical Office, 2009).

[16] The capacities for accommodation of people with disabilities, mentally underdeveloped and mentally ill people (also belonging to the system of social protection) are especially territorially and functionally unavailable.

users. These prices are regulated by market principles and those 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 and gerontology centres. The centres for social work, as polyvalent, basic institutions of social protection, are publicly authorised to make decisions regarding rights in the social protection system and to render social protection services in the process of their effectuation. An important segment of their activities consists of rendering services regarding long-term care. 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.

Home-based assistance, as one of the most important forms of non-institutionalised care of 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 care. 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. 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. In the structures of users of this right, people over 65 are most strongly represented, but still they present an extremely low percentage out 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 care-giver. This right has been retained in the transitory provisions of the Law on Old-age and Disability Insurance. In October 2008, the full amount of this benefit was RSD 13,435 (about EUR 135) for the so-called I group, RSD 8061 (about EUR 81) for the II group, and RSD 6717 (about EUR 67) for the III group (The Republic Fund for Old-age and Disability Insurance, 2008). This right can be effectuated provided that the person is not accommodated in a home for the elderly. In the social protection system, there exists the right to an allowance for assistance and care provided by care-givers. However, it belongs to persons who are not able to effectuate it on some other basis (if they were not previously employed or not employed long enough in order to be eligible for the pension) and who are not accommodated in a home for the elderly. In December 2008, the allowance on this basis amounted to RSD 6383 (about EUR 64) (The Ministry of Labour and Social Policy, 2009).

Clubs for pensioners and elderly, as a form of non-institutionalised care, have been developed in 42 municipalities and financially supported by the local communities. The users of the clubs pay membership fees, the amount of which is very low. The clubs are mainly organised with a view to satisfying social, cultural-entertainment, but also occupational, educational and humanitarian needs.

According to the results of representative research carried out with people over 70 (Sataric, Rasevic, 2007), elderly people 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. Of people over 70, 9% use certain supporting services, mostly those who are chronically ill or

better off. Respondents with higher incomes use services providing home-based assistance and daily care and visit clubs for the elderly more frequently. The available research showed that the services of home-based assistance and daily care are used only by 0.28% of people over 65 and clubs are used only by 1% of people over 60.

2.3.2 Debates / political discourse

No Green/White Papers resulted from the political debates. Instead, Governmental activities were concentrated mostly on enacting various sector strategies. At the level of 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), Strategy of Continuous Improvement of Health Protection Quality and Patient Safety and Strategy of Palliative Care (2009).

The issues of long-term care are most prominently presented in the Strategy of Social Protection Development (2005) and the Strategy of Ageing (2006). Both strategies are principally 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 Protection 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 protection, 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 protection should be more efficient, and 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 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 services in social, health-care and other services, including provision of certain basic life conditions". In connection with that, it is presented that these estimates of said changes require the development of certain segments of the system of social security.

At the level of practical activities, the Ministry of Labour and Social Policy, in cooperation with the Italian NGO Progetto Sviluppo and the Ministry of Foreign Affairs of Italy, initiated a programme "Support of the Reform of Protection the Elderly in Serbia". The objectives of the programme include development of integrated social and health care of the elderly, along with the strengthening of professional capacities for monitoring and evaluation of those integrated services and quality control of services for elderly people. The programme is realised by means of two local pilot projects (in Kragujevac and Novi Sad), with an immediate task of improving quality of life of people over 65, increasing the supply and quality of social and health services, and promoting social integration of the elderly.

2.3.3 Impact assessment

The results of current projections on the number of citizens in Serbia point to further population ageing in the first half of the 21st century. Life expectancy exhibits a slight rising trend, both overall (73.4 years) and according to gender (70.7 years for males and 76.1 years for females). According to the data for 2007, out of the total population (7,381,579), 769,124 were aged between 65 and 74 and 502,180 were over 75. Gender differences are present too: in the male population (3,588,957), 340,523 belonged to the age group from 65 to 74 and 196,533 to the age group over 75; in the female population (3,792,622), 428,601 were aged from 65 to 74 and 305,647 were over 75 (the Institute of Public Health, 2008). It is estimated that the number of people over 65 will increase by one third by 2052 (or by 8000 per year). Depending on the projection variant, elderly people will make up from 18.7% to 27.5% of the total population in the next 50 years. The number of the oldest elderly (over 80) will triple in the same period and they will form one quarter of the total number of elderly people. In that way, the share of this category of population will increase from 1.9% (2002) to 6.2% in 2052 (Amity, 2007). Chronic diseases are predominant in the morbidity of elderly, and their incidence increases with age, which is an important indicator for the need to develop a long-term system.

A part of the report "Social protection and Social Inclusion in the Republic of Serbia" (2008), which was produced by the Economics Institute in Belgrade for the needs of the European Commission, is devoted to the analysis of long-term care. 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 homes and home-based assistance. Based on the number and share of the elderly in the total population, it is supposed in the report 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" (EC, 2008: 171). The recommended measures should include data collecting, earmarking emergency resources, and establishing an efficient information service targeting vulnerable groups and their needs.

However, some more detailed research from outside sources in this area are absent and they are not given high priority.

2.3.4 The OMC objectives

2.3.4.1 Access to long-term care

Accessibility and availability of long-term care is low. Yet, this varies depending on the right in question. A great number of elderly people are not able to satisfy their needs for long-term care because a significant number of local communities provides neither guaranteed supporting services in the natural environment of the elderly nor sufficient capacities for their accommodation in homes. The situation is especially bad in rural areas, in which these services are completely absent, and 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 those 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.

2.3.4.2 Quality of long-term care

Quality of services in health and social institutions is also not equal, and sometimes there is no adequate support for maintaining all the remaining potential of elderly people in these institutions. At the same time, there are indications that the accommodation of users in 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 (first of all 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 protection would also be of importance for the realistic determination of good and bad sides of the existing long-term care. There are some indications that the quality of services in non-institutionalised care is better than the quality of services in institutionalised care of the elderly. Developing prevention and monitoring should be integrated with the issue of the quality of long-term care.

2.3.4.3 Sustainability of long-term care

Even though already existing data about the number and share of elderly people in the total population point to the necessity of a holistic approach to the problems of long-term care, the creation of an integral model of 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 or expansion. According to the Strategy of Social Protection 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 for caring for their elderly relatives will be reduced. All these factors will result in increasing the pressure on the state system of long-term care.

3 Impact of the Financial and Economic Crisis on Social Protection

Starting estimates of the impact of the world financial crisis on the situation in Serbia ranged from the optimistic ones[17] to warnings of the need to prepare state intervention programmes. GDP projections were based on annual growth of 5.1% in 2009 and 6.3% in 2011[18]. However in the last trimester of 2008, GDP amounted only to 2.8% (the Republic Statistical Office, 2009).

In the first trimester of 2009, the following occurred: reduced inflow of foreign capital; drop in the domestic and world demand for the Serbian products; stoppage in the privatisation of remaining public companies; termination of concession contracts; more prominent illiquidity of companies; and increased unemployment. Faced with the problems of paying its debts, inflation and huge budgetary deficits, the Government started the negotiations with the IMF at the beginning of March 2009. Based on the agreements reached, a proposal of new measures

[17] 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.

[18] The Memorandum on Budget and Economic and Fiscal Policy for 2009, with the Projections for 2010 and 2011, the Ministry of Finances of Serbia, May 2008.

for overcoming the crisis and covering the budgetary deficits was made, relying mostly on the increase of taxes to salaries and budgetary savings.

The reduction of economic activities, the drop in national demand and problems characteristic of the labour market have resulted in the decrease of public revenues and affected the structure of the state expenditures. The Budget Rebalance of 2009[19] provides for changes in the transfers for the organisations of mandatory social insurance, which will be reflected in the finances of the funds of old-age and health insurance. At the same time, unemployment growth and measures to increase taxes will result in decreased revenues, due to avoidance of the payment of contributions and the expansion of grey economy. Freezing of salaries and pensions in the conditions of more prominent inflation[20] will cause drop in the living standard and an increase in poverty.

3.1 Measures of economic policy

The first act of the Government that was supposed to be a reply to the economic crisis and its influence on the Serbian economy was adopted at the end of 2008 within the Framework programme.[21] The planned measures of saving and reduction of public consumption were aimed at increasing economic competitiveness along with the stimulation of the "state's social character". The plan envisages 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 mentioned programme does not include any special measures of importance for the eradication of negative effects of the crisis on social security, except for the planned freezing of pensions in 2009. Faced with the avoidance of paying taxes and contributions, the Government in its Framework programme provides for the writing off "of interests for unpaid taxes and contributions" and freezing of previous obligations based on the health insurance "in the case that the current obligations are being met".

During the first months of 2009, three packages of economic measures were adopted. The first part refers to the reduction of risks and costs of business dealings in the financial sector, above the increase of the amounts of insured deposits of citizens in the banks from EUR 3000 to EUR 5000. Apart from that, the application of taxes to incomes from interests and taxes to capital profit in the trade with stocks and bonds has been suspended during 2009.

The second package of measures aims at promoting the credit activities of the banks in order to reduce the recession tendencies in the Serbian economy and enable an increase in domestic demand. The most important measures are as follows:

- "subventions of interest for credits commercial banks give to companies (credit amount of RSD 40 billion, interest rate 5.5%, repayment period up to one year)
- subventions of interest for consumer credits commercial banks give to citizens, for the purpose of buying domestic products (credit amount of RSD 20 billion, interest rate 4.5–6%, repayment period depends on the product value – maximum seven years)

[19] On 30 April 2009, the National Assembly adopted the Government's proposal on the changes in the Law on the Budget for 2009.

[20] According to the data of the Republic Statistical Office, during the first trimester of 2009, inflation was 3.8%, calculated according to the EU methodology. Prices in March 2009 increased for 0.4% and were 9.4% higher than in March 2008.

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

- participation of the fund for the development of investment credits and the provision of state guarantees for ¾ share of banks in given credits (credit amount of RSD 17 billion, participation of the fund for the development in the amount of RSD 5 billion, participation of banks in the amount of RSD 12 billion, and the state guarantees to cover RSD 9 billion of bank credits, interest rate about 6%, repayment over 3–5 years)" (Arsic, 2009: 68).

An integral part of this package are also the credits from abroad (EIB, KFB, EBRD and the Italian Government) amounting to EUR 480 million intended for the crediting of small and medium enterprises. Credits are approved by the domestic banks and under more favourable conditions compared to the market ones. At the beginning of February, an action plan on the construction of road and rail corridor X for 2009 was adopted, in order to promote the economic activities by intensifying public investment.

During March 2009, the Government negotiated with the IMF on the new credit arrangement and measures for overcoming the negative effects of the crisis. The issue of covering the budgetary deficits, i.e. providing revenues by means of increasing tax burdens, was the focus of these negotiations. The Government's proposal on the introduction of the "solidarity tax" to all incomes above RSD 12,000 (EUR 120) was severely criticised by the unions, employers, pensioners and the public in general. Even though the increase of the tax rate applied to salaries from 12% to 20% was negotiated with the IMF, criticism given by the experts and the negative reaction of the public resulted in abandoning these measures.

The plan for the economic stability of Serbia[22] announced in April 2009 provides for budgetary savings of about EUR 1 billion. The major part of the savings should be realised by means of reducing expenditures in the ministries, agencies, and local communities, as well as on the salaries of the administrative workers.[23] An increase of revenue should be realised through higher taxes on property and luxury cars, excise duties on petrol and diesel, and fees of 10% for impulses in mobile telephony, etc. Regarding the functioning of the social security system, the decrease in costs for the Fund of Health, amounting to RSD 4 billion, is significant. However, there are no precise data on how this is to be achieved.

The remaining planned measures include the package of credits for the economy and citizens, the decrease in the number of people employed in the state administration, and active labour market measures. The new programme provides for stimulating measures for employing beginning employees, while the public works are directed towards employing vulnerable groups on the labour market. The stimulating package of measures provides for credits for beginners without mortgages in the amount of RSD 2 billion and credits for small and medium enterprises in the amount of RSD 14.9 billion.

3.2 Labour market and social security

The economic crisis in Serbia has shown all the weaknesses of its economic system, characterised by a constant decrease in employment and increase in unemployment. The situation on the labour market during the first months of 2009 points to the continuation of existing tendencies and further growth of the number of people looking for a job. According to the data of the National Employment Service, the number of employed people in February 2009 decreased by 0.78% compared to the same period of the previous year or by 15,417 people, while the number of unemployed has been growing, especially in the category of people who lost their jobs (50,264 persons) (the National Employment Service, 2009).

[22] The plan of the Government for the economic stability of Serbia, www.srbija.gov.rs

[23] From 2001, the number of people employed in the state administration increased from 9000 to 28,000 people.

The fear of losing a job, decreased standard of living and lack of confidence in the Government's measures prevail in the majority of the Serbian citizens.[24] During the previous year, according to the data of the Union of Employers of Serbia, 2016 companies ceased to work, and 57,000 companies with 100,000 employees were blocked at the beginning of 2009. Unfavourable credits, huge debts and outstanding bills burden the majority of small and medium enterprises, but also big companies. While some of them declare stoppage of their work and lay off employees, the steel mill "U.S. Steel Serbia" introduced a shortened working week. According to the decision of their management and in consent with the unions,[25] laying-off employees is a temporarily abandoned option. During the crisis, the employees will work 4 days a week and for the remaining day per week they will receive 60% of their salary.

It is evident that the Government's measures will have short-term effects and therefore it is seems unlikely that the economy will become more competitive and that the number of employed people will increase. In addition, measures of reducing tax burdens and contributions to salaries are absent. Some specific supporting measures for the companies, such as subventions for the firms which do not lay off employees, are desirable to a level that does not allow them a privileged position on the market. Certainly, subventions will help the companies but their effect on employment is not certain.

The proposal of a new law on employment and insurance for the unemployed[26] contains stricter measures in terms of the amount of cash benefits[27] (50% of its basis is a salary realised during the last six months preceding the month in which the employment was ceased). The duration of eligibility is limited to 12 months, and 24 months for insured persons having up to 2 years before retirement. Implementation of this law was the result of further impoverishment of people remaining jobless during the crisis and a decrease of contributions to the funds of health and old-age insurance to be paid by the National Employment Service. At the same time, funds for active labour-market measures are minimal (the thousandth part of the domestic products).

It was planned to transfer RSD 16,500,000,000[28] from the budget to the National Employment Service in 2009. In April 2009, this amount was increased to 22,000,000,000 in the Budget Rebalance. Increase of budgetary subventions for the fund of old-age and disability insurance was also planned, from RSD 189,300,000,000 to 213,200,000,000. Unlike that, transfer for the Republic Bureau for Health Insurance was reduced from 3,640,000,000 to 588,384,000,[29] according to the Government's plan for the economic stability. Through the changes of the Law on Budget for 2009, a possibility of reducing transfers to the Republic fund of old-age and disability insurance was also envisaged "in case in 2009 revenues from contributions for old-age and disability insurance are realised in amounts greater than those forseen by the financial plan". Unused funds would be transferred to the current budgetary reserves, and one part of those funds in the amount of 60% would be directed to the subventions for agriculture (article 25b). In case of inflow of smaller funds based on contributions into the funds of mandatory insurance, their managing boards will, with the Government's consent, "limit the expenditures pursuant to the reduced revenues" (article 25v).

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[24] These are the results of research conducted by the agency "Strategic Marketing" – the greatest problems of the Serbian citizens, the world economic crisis and the responsibilities of the Government of the Republic of Serbia, presented on 2 April 2009.

[25] According to the estimates of the Independent Unions of Serbia (SSS), from 50,000 to 100,000 employees will be on forced leave during 2009, due to the economic crisis.

[26] The law is in the process of adoption in the National Parliament.

[27] According to the data of the National Employment Service, in June 2008, there were 71,877 beneficiaries of cash benefits (including 27,983 women). On 30 April 2009, a cash benefit for December 2008 was paid.

[28] The Law on the RS Budget for 2009, www.nsz.sr.gov.yu.

[29] The Law on Changes and Amendment to the Law on the RS Budget for 2009, www.nsz.sr.gov.yu.

Economic policy creators and social partners in Serbia did not succeed in finding an adequate answer to the challenges of the financial crisis and their effects on social security. Delays in creating programmes, deferring of the implementation of unpopular measures, aggravation of the economic situation, problems with repaying foreign debts, huge deficits in the budget and other issues have been attempted to be solved by short-term measures and running up new debts. Negative trends on the labour market and reduction of revenues in the insurance funds will result in serious problems regarding the financing of the health and pension systems.

In the long run, radical reforms of the tax system and contributions burdening the salaries were not performed. Experiences of the neighbouring countries (Hungary) point to positive effects of decreased labour costs, for the purpose of encouraging new investments and providing the inclusion of informal economy into the regular trends. An increase of the untaxed part of salaries "to the level of minimum gross salary and the introduction of synthetic progressive tax to incomes" should be followed by "the most radical of all measures – abolishing health insurance contributions and financing general health care from indirect taxes" (Arandarenko, 2009: 74).

Aware of the limited effects of the latest package of measures, the Government is announcing the possibility of increasing VAT, without an adequate reduction of the tax burden of labour. Critics point to the limited possibilities of paying current amounts of pensions and salaries in the case of further growth of the number of unemployed and the impoverishment of the population excluded from the labour market. Economic policy creators should implement measures and take responsibility not to repeat the period of uncontrolled inflation, large-scale laying-off of workers, and general poverty.

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4 Abstracts of Relevant Publications on Social Protection[30]

[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.

[R1; R2; R3; R5; H1; H2; H3; H4; H5; L] EUROPEAN COMMISSION (2008), «Social Protection and Social Inclusion in the Republic of Serbia». Retrieved from: http://ec.europa.eu/employment_social/spsi

This report prepared by the Economics Institute in Belgrade, Serbia, for the needs of the European Commission, comprehensively presents the economic, financial and demographic background, social protection in the transition period, poverty and social exclusion, pension system and health care, and long-term care.

As the main challenges, the following is highlighted by the authors of the report: the need to create an attractive business environment, reliable market institutions and to accelerate the EU integration process; the need to modernise the existing and build new economic infrastructure; and finally, the need to make necessary improvements in social infrastructure.

Even though it is concluded that the social security system is extensive, its main shortfall is seen in its potential to overlook those in great need. Unlike its extensivity, its overall coverage and impact are judged as low and inadequate

[H5; R1; R2] MIJATOVIĆ Boško (ur) (2008), «*Reforme u Srbiji: dostignuća i izazovi*.» Beograd: Centar za liberalno-demokratske studije.
"Reforms in Serbia – Achievements and Challenges."

This book is a collection of articles on economic and social reforms in Serbia since 2000. A starting premise that a certain amount of progress has been made in this decade is followed by dissatisfaction "spreading among the population and scientific public" with the final effects of reforms.

The study presents the process of reforms, actors of changes, attitudes of relevant institutions, strategic orientations, current difficulties and projections of further developments. The emphasis of the analysis is on the following topics: macroeconomic unbalance and risks; real and financial sectors; agriculture; infrastructure; health-care system; social protection; education; and pension system. The authors of the texts are researchers and experts in certain areas, who in their capacity as members of working bodies and commissions directly participated in the process of creating and realising projects in cooperation with international financial institutions (World Bank, IMF, UN, etc). Therefore, the study lacks a necessary dose of critical opinion and evaluations of costs incurred due to wrong moves of the "democratic Government".

[R5; H3; L] SATARIĆ Nadežda, RAŠEVIĆ Mirjana, MILORADOVIĆ Sanja (2008), «*Oni ne mogu da čekaju*». Beograd: Amity.
"They Cannot Wait"

[30] There is rather little research being done on the topic of social protection and therefore the literature is limited.

This study is a result of researching poverty in the population of elderly people in Serbia and advocating changes directed towards providing a minimum of their social security. Construction of "state mechanisms" for the purpose of providing social security, according to the authors, means provision of constant resources for those elderly people living below the poverty line, by means of the introduction of "social pensions", "allowances for elderly" or other forms of financial support.
The presented conclusions are founded on a complex analysis of available data, strategic documents and results of representative research held in October 2008. The everyday life of the elderly is presented through sad stories about loneliness, diseases and life in poverty.
The concluding part of the study contains recommendations with a view to establishing a new mechanism, i.e. a financial programme of alleviation and reduction of poverty among the elderly. Dependence of the health situation on an elderly person's economic status points to necessary changes and the removal of obstacles in using health care services. In the recommendation for the Ministry of Health, the importance of development of polyvalent services is emphasised for the purpose of solving the problems of long-term care. Development of a network of services and local services for the elderly, population education, promotion of healthy lifestyles and permanent education are also presented in the study.

[R4] VUKOVIĆ Drenka, ARANDARENKO Mihail (ur) (2008), «*Tržiste rada i politika zaposlenosti*». Beograd: Fakultet politickih nauka.
"Labour Market and Employment Policy"

This book is a result of work of the scientific research team engaged in the realisation of the project of social policy reforms in Serbia in the process of association and accession of Serbia to the European Union. Activation of "welfare state", creation of an adequate employment policy, migrations of the labour force and other relevant issues form the thematic framework of this book.
The establishing of a financially sustainable system and the creation of programmes of support and assistance pursuant to actual possibilities represent a central issue as regards reforms of the "protective" welfare state. Activation of welfare recipients and integration of the unemployed in the labour market have become the essential aims of a workfare state. Research into practical outcomes, conclusions and dilemmas of the authors have coincided with their attitudes to uncertainty of the reform effects, increased risks and the underdeveloped phenomenon of active social policy.

[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

[R1; R2; R3; R5; H1; H2; H3; H4; H5; L] EUROPEAN COMMISSION (2008), «Social Protection and Social Inclusion in the Republic of Serbia». Retrieved from: http://ec.europa.eu/employment_social/spsi

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[H1; H2; H3] INSTITUT ZA JAVNO ZDRAVLJE SRBIJE (2008), «*Zdravlje stanovnika Srbije – analitička studija 1997-2007*». Beograd: Institut za javno zdravlje Srbije „Dr Milan Jovanović Batut".

"Health of the Population in Serbia – an Analytical Study, 1997-2007"

The latest in the series of publications on the health of the population in Serbia, it researches the situation in a ten-year period (from 1997 to 2007) by means of basic indicators and offers projections of further development of public health. The multidisciplinary approach secures an in-depth analysis of demographic trends, negative effects of crises and risky lifestyles of the population. Death in the population and their diseases (non-communicable and communicable), using primary health care per age group, hospital morbidity and health services form the central part of the study.

National statistical sources, data held by specialised health institutions, scientific institutes and other available documents were used in the publication. The abundance of statistical data is followed by a comparative analysis of the situation in the European countries and the countries in Serbia's immediate vicinity. Graphical presentations of public health enrich the contents and contribute to the clarity of the presented data.

An overview of changes in the health-care system of Serbia enables a critical insight into the situation in the period of the crises of the 1990s, consequences of sanctions, wars and bombing. Dominance of non-communicable diseases and the fact that every second citizen dies of coronary diseases and every fifth of malignant tumours present the basic feature of the current situation.

[H5; R1; R2] MIJATOVIĆ Boško (ur) (2008), «*Reforme u Srbiji: dostignuća i izazovi*.» Beograd: Centar za liberalno-demokratske studije.

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[R5; H3; L] SATARIĆ Nadežda, RAŠEVIĆ Mirjana, MILORADOVIĆ Sanja (2008), «*Oni ne mogu da čekaju*». Beograd: Amity.
"They Cannot Wait"

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The presented conclusions are founded on a complex analysis of available data, strategic documents and results of representative research held in October 2008. The everyday life of the elderly is presented through sad stories about loneliness, diseases and life in poverty.

The concluding part of the study contains recommendations with a view to establishing a new mechanism, i.e. a financial programme of alleviation and reduction of poverty among the elderly. Dependence of the health situation on an elderly person's economic status points to necessary changes and the removal of obstacles in using health care services. In the recommendation for the Ministry of Health, the importance of development of polyvalent services is emphasised for the purpose of solving the problems of long-term care. Development of a network of services and local services for the elderly, population education, promotion of healthy lifestyles and permanent education are also presented in the study.

[L] Long-term care

[R1; R2; R3; R5; H1; H2; H3; H4; H5; L] EUROPEAN COMMISSION (2008), «Social Protection and Social Inclusion in the Republic of Serbia». Retrieved from: http://ec.europa.eu/employment_social/spsi

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5 List of Important Institutions

Univerzitet u Beogradu – Fakultet političkih nauka, Odeljenje za socijalnu politiku - University of Belgrade – Faculty of Political Sciences, Department of Social Policy

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 of its kind in Serbia, the faculty takes a prominent place in the area of educating personnel, creating policy and practice in a 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 Mijatović
Address: 11000 Belgrade, Kralja Milana 7
Webpage: www.clds.rs

The centre is an independent research institution analyzing and publishing proposals for the 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 social-political 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 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 Jovanović Batut" - Institute of Public Health of Serbia „Dr Milan Jovanovic Batut"

Address: 11000 Belgrade, Dr Subotića 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 for 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 is competent for 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 plan 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 licenses for performing the insurance and re-insurance activities, with mediating and representing in insurance, as well as with performing the activities in direct connection with the insurance activities, etc. Its main principles of work in the area of insurance are to be the transparency in its decision-making as well as orientation towards continuous reform of the financial sector.

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(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/employment_social/progress/index_en.html