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Pensions, Health and Long-term Care

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Note:

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1 Executive Summary

Pension and retirement policies have changed dramatically in recent years, as governments have tried to balance the goals of adequate retirement incomes and the long-term financial sustainability of the pension system in the face of population ageing. The concept of the parametric and structural reforms of the pension system built around a sustainable and non-discriminatory system for all generations of pensioners puts Macedonia in the same group with the other reforming countries of the CEE. The Macedonian pension system is designed to have a multi-pillar structure, which includes mainly younger employees and employees who enter the two–pillar pension system with only few years of professional activity. Therefore, it seems that the reformed pension system will cope easily with the economic and demographic risks.

Two important events marked the institutional development in the reporting period, which, because of their competitive features, are expected to boost the capacity of the pension system. The first event refers to the licensing of the two new voluntary pension funds. In the beginning, as expected, they operated with very limited amount of assets. The second event is the transfer of the custody function from the Central Bank (custodian of pension funds' assets until 2009) to commercial banks, by migration of pension fund assets, which, in fact, is the systemic solution for the custody service. In addition, there was another new development in the introduction of a measure for improvement of contribution collection, i.e. the appointment of the Public Revenue Office as a collector of social insurance contributions, replacing the previous collectors, the state social funds.

Throughout 2009 and until the beginning of 2010, Macedonia was still suffering from the economic and financial crisis, which caused turbulences in the pension system. This was due to increased job losses, which subsequently resulted in decreased contribution collection and unbalanced revenues and expenditures of the system. In order to handle this situation, the government had to intervene with short-term transfers/loans from the central budget in order to prevent delays in pension benefits pay-out. Moreover, the administrative fees of the state institutions were decreased, as part of the rationalisation of costs within the pension system. The government undertook legal measures to restrict the fees of the pension companies as well. The long-term actuarial projections (the percentage of the pension benefit expenditures of GDP, the movements of revenues and expenditures and the transition costs pace) enable the evaluation of the influence of the economic and demographic impacts over the pension system.

As a result of the parametric and structural reforms, the pension system was not drastically affected by the financial crisis. Therefore, it may be expected that it reaches its financial stabilisation and achieves adequacy of pensions for its beneficiaries. However, in order to provide for the further growth of the system, it is up to the policy makers to follow it continuously and make in-depth analyses of all developments that are or will be of influence to the pension system.

The health system in Macedonia is set up as an insurance-based system and health insurance is a categorical right linked to various categories of people. The health insurance coverage is reportedly close to 100%, the indicators of physical access are impressive, and the basic benefit package is quite broad covering practically all health services. Universal coverage has been introduced in 2009, financed from the central budget, with an essential package for all citizens (covering the unemployed and uninsured), including preventive check-ups, immunisation, coverage of part of the positive list of drugs and treatment of a range of communicable diseases. Health services are delivered through a network of public and private

health care institutions (HCI), with relatively even territorial distribution. Initial assessment of health outcomes and service utilisation do not suggest significant barriers in access to health care, including preventive care services. Health indicators are relatively good and comparable with indicators in the region, but there is still work to be done, particularly as some of the indicators show certain inequities related to location, ethnicity and wealth.

There are obvious continued needs of following through in the policy areas, including but not limited to: further review of the private sector's role in financing health services through voluntary complementary health insurance and co-payment; improving the access to health services through reduction and/or better risk pooling; monitoring and evaluation and making adjustments to the system of provider payments and contracting mechanisms to ensure that the policy goals of increased efficiency, quality and access are being met; further improvements in the quality assurance system, ensuring that the investments currently being made in health information systems realise their full return in terms of improved control and management of the sector; supporting the upgrade and recognition of the credentials of the health human resources, starting with general practitioners, in line with eventual EU integration; and increasing the accountability and restructuring of the service delivery network, particularly in the area of inpatient care and by increasing innovation through private sector involvement in service delivery.

Challenges concerning accessible, high-quality and sustainable long-term care are deinstitutionalisation of the health care system in Macedonia, which will enable dispersion of the palliative and mental health care at community level; enhance home care throughout the country, strengthen intersectoral cooperation and care coordination between levels of government, health and social care, types of medical care, public and private provision

2 Current Status, Reforms as well as the Political and Scientific Discourse during the previous Year

2.1 Pensions

2.1.1 Overview of the system's characteristics and reforms

Brief description of the main system's characteristics

Ageing of the population, increasing unemployment rate, as well as the evasion of contributions are the key factors that resulted in the increased number of pensioners, which, consequently, decreased the contributors/pensioners ratio, and produced the deficit of the pension system. In order to provide for the system's financial sustainability in the long run, as well as adequate pensions, equal social security for the current as well as for the future generations of pensioners, the Macedonian pension system has undergone a process of thorough fundamental reforms in the last 16 years.

Structure of the pension system

The reformed pension system is mainly designed for young employees and employees who have worked only for a few years before entering the two-pillar pension system. For older employees and employees with many years of service, there were strong reasons to remain in the mono pillar system, given that in the new system they would have less time to accumulate assets in their accounts before retirement.

The current Macedonian pension system is a multi-pillar system consisting of:

- PAYG contributing system (DB) - public pensions (mandatory) – first pillar
- Individual (DC) accounts - private pensions: (mandatory) – second pillar
- Voluntary private pensions (DC): personal/occupational (employer or association) – third pillar

Before starting with the implementation of the fully funded pension system, the minimum preconditions were set through establishment of the institutional infrastructure, the provision of minimum investment conditions / development of the capital market (issuance of public debt) and the putting in place of a custodian of pension funds assets. Subsequently, in May 2005, the first licences were granted to two pension companies to manage mandatory private pension funds. In January 2006, the system became operational with the first contribution payments into individual accounts and the start of their investment. The legislation for the third pillar was adopted in January 2008 and it became operational in April 2009. This means granting licenses to the first two voluntary pension funds, membership, payment of first voluntary contributions and start up of the assets investment.

Coverage

The Macedonian pension insurance has a rather high level of coverage of the labour force. This conclusion is based on the fact that the FYR Macedonia has 475,780 insured persons, out of which 407,880 pay the pension contribution i.e. 85.7%.[1] The insured parties under the

[1] Macedonian Pension and Disability Insurance Fund: Financial Report for the Management Board, on year 2009, published February 2010, retrieved from: http://www.piom.com.mk/.

mandatory pension and disability insurance are: 1) employees of enterprises and other legal entities engaged in business activities, of institutions and legal entities, or employees in public services, in state organs, as well as in units of the local self-government and in domestic and foreign legal entities; 2) private farmers – persons paying tax on income from agricultural activities who are engaged solely in an agricultural profession; 3) self-employed persons; 4) unemployed individuals receiving allowances in money, etc.

The mandatory scheme covers the persons who participated in the publicly managed social security scheme for the first time on or after 1 January 2003. Participation is voluntary for the persons covered by the publicly managed social security scheme before 1 January 2003. The switching period for this category ended on 31 December 2005. Covered persons may join any open pension fund through entering into a membership contract with a pension company administering the fund, the choice of which is not influenced by the employer.

The scheme of the voluntary pensions covers domestic and foreign citizens between the ages 18 to 70, regardless of the employment status, on a voluntary basis. This means that a person who is already a member of the mandatory pension insurance can be a member of voluntary pension insurance. Also a person who is not covered by mandatory pension insurance can be a participant in the voluntary pension insurance. Additionally, a person has the right to be a member of an occupational pension scheme financed by its employer or association.

Contributions

In the mandatory pension system, the contributions are made solely by employers, and in 2009, the rate was reduced, by law, to 19% of the gross wage, (in the previous years, the rate was 21.2%). 12.35% of the total contribution went to the first pillar, while the remainder, i.e. 6.65%, was redistributed to the second pillar. In the next two years, i.e. 2010 and 2011, the contribution will be additionally reduced as follows: in 2010 – total pension contribution will be 18%, 11.7% of which will be for PAYG and 6.3% for the second pillar; in 2011 the target is that the total contribution will be reduced to 15%, with 9.75% going to the first pillar and 5.25% to the second pillar.[2]

Eligibility criteria

The following retirement conditions are equally valid for insured persons in the mandatory pension system (first and second pillars): a retirement age of 64 years for men, 62 years for women with a minimum of 15 working years, except in case of disability or death.

Pension benefits from the voluntary pension scheme can be withdrawn not earlier than 10 years before legal retirement age for the PAYG system (54 years of age for men, 52 years of age for women), except in case of disability or death.

The right to receive pension benefits from the PAYG system depends on the number of working years and the amount of assets paid as contributions, while DC-scheme benefits are paid on asset accumulation in the individual accounts.

Financing the system

The main source of financing of the pension system is the contributions. These make 63.2% of the total revenue, whereas 33.7% involve transfers from the state budget, which covers: the

[2] Law on Contributions for Mandatory Social Insurance, published in the Official Gazette No. 142/2008,64/2009,156/2009.

transitional costs for the second pillar, benefits granted under favourable criteria, minimum pensions for farmers, pensions for military personnel and the current deficit for administrative pensions and the higher indexation than the legal formula of indexation, implemented in 2008, an election year. The other additional sources are significantly smaller, like excise duties (1.8%), privatisation (0.2%) and other (0.5%).[3]

Benefits

Benefits, which can be received from the PAYG pension scheme, are the rights to an old-age pension, disability pension, survivor's pension, minimum pension etc. Pension benefits from the second pillar provide one part of the old-age pension and are paid out in a form chosen by the member. The possibilities are: a life-time pension annuity from the entire amount of assets accumulated on the member's individual account or programmed withdrawals provided by the pension company managing the pension fund on the day of retirement. Pension withdrawal before retirement age is not allowed, except in the case of disability or death. In case the sums of PAYG and fully-funded pension benefit are lower than the minimum pension, the PAYG fund pays the additional amount up to a minimum pension.

The benefits paid from the voluntary pension scheme are similar to the pension payments from the fully-funded mandatory scheme. The only difference is that voluntary pension scheme members can decide to withdraw accumulated assets from the third-pillar individual accounts as a lump sum, which is not allowed in the mandatory system.

In the case of a disability or death of a member, assets from the individual account are transferred to the Pension and Disability Insurance Fund (PDIF), which is authorised to pay out disability and survivors pensions. If there are no beneficiaries of survivor's pension, the assets from the individual account can be inherited by the inheritors.

Taxation and indexation

In Macedonia, the tax regime of the fully-funded pension system is EET (exempt-exempt-tax). Pension contribution and investment income are tax-exempt, whereas the payment of pension benefits is taxed.

The indexation formula for the pension benefits from the first pillar is composed of 50% of the development of the cost of living index, and 50% of the development of the average net wage paid in the FYR Macedonia (Swiss Formula).

All of the above-mentioned criteria represent the fundamental components upon which the Macedonian pension system relies. They are regulated through the following legislation: Law on Pension and Disability Insurance; Law on Mandatory Fully-funded Pension Insurance; Law on Voluntary Fully-funded Pension Insurance; and the Law on Contributions for Mandatory Social Insurance.

Reforms

In 2009, there were no major reform activities in the pension system, apart from the third pillar becoming operational in April 2009. However, the year was characterised by the introduction of several measures undertaken to amortise or to recover from the impact of the global economic crisis. Additionally, some of the developments may be considered as crucial

[3] Macedonian Pension and Disability Insurance Fund: Financial Report for the Management Board, for the year 2009, published February 2010, retrieved from: http://www.piom.com.mk/.

in light of the future solutions for the pension system. These reforms are carried out in order to ensure the system's financial sustainability in the long run and to provide adequate benefits for the new generations of pensioners.

In this context, in 2008, after the adoption of the Law on Voluntary Fully-funded Pension Insurance, a road show was organised to promote the third pillar to potential investors. There was also a public education campaign on the implementation of the third pillar, whose practical implementation was marked with the establishment of two additional pension funds in 2009. In April 2009, the first licence to establish voluntary pension funds was granted, and in August of the same year the second one. The founders of the two voluntary pension funds are, in fact, the founders of the existing private mandatory pension funds, which have been operational on the market in the last four years. From this moment onwards, the membership process started, by individuals as well as by employers in their occupational schemes, with rather modest initial savings amounts.

In parallel with the development and becoming operational of the third pillar, the custodial function within the commercial banks was developed. As a temporary solution, in the previous three years this function had been performed by the Central Bank. The Law on Voluntary Fully-funded Pension Insurance, however, prescribes that the custodial function be performed by a commercial bank instead of the Central Bank, which was a precondition for the implementation of the voluntary pension insurance. Therefore, in April 2009, the Parliament adopted the amendment to the law,[4] which allowed for the transition of the custodian role from the Central Bank to the commercial banks that met the necessary criteria. Subsequently, the process of migration of the custodial function started and it finally saw its end in November 2009. This change included technical equipment and personnel of the interested banks and their licensing for the custodial service, as well as transfer of accounts, the record-keeping and the entire documentation of the pension funds from the Central Bank.

Another important development throughout 2009 and the beginning of 2010 is the collection of contributions. In late December 2008, the Law on Contributions for Mandatory Social Insurance was adopted, which meant reforming the collection of social contributions and integrating them in one common law, reducing the rate of all social contributions (for pensions, health and unemployment), introducing the gross wage and abolishing the previous concept of net wage. All practical implementation of these reforms started in January 2009 with the transfer of the role of contributions collector to the Public Revenue Office. In 2009, the pension contribution was reduced to 19%, and in 2010 to 18%, and as a basis for the calculation of contributions served the gross wage instead of the net wage.

In the period referred to in this report, besides the reduction of contributions, there was also a reform that involved the reduction of operational costs within the framework of operation of private pension funds. Bearing in mind the impact of the economic crisis on the value of the pension funds and the fragile state of the financial and capital markets, the government of the FYR Macedonia, by means of a special decision, rationalised the costs of operations of the state institutions as well as of the pension companies, in order to protect the interests of the pension fund members. Namely, the collection contribution fee (from 0.5% to 0.2%), fee for supervision (from 1.0% to 0.8%), and the pension fund management fee (from 6.8% or 6.5% to 5.5%) were greatly reduced, especially with the last intervention at the end of 2009, which represents a more than 30% reduction compared to the previous year.[5] In addition to this reduction, an Amendment to the Law on Mandatory Fully-funded Pension Insurance was adopted by the parliament, which includes provisions for further reductions of the operational

[4] Amendment to the Law on Mandatory Fully Funded Pension Insurance; published in the Official Gazette No. 48 of 13 April 2009.

[5] Decisions on fee, published in the Official Gazette No. 157 from 28 December 2009.

costs for the period of implementation after January 2011. The fee for 2011 will be 4.5% and from January 2012 it will be 4% and will stay that way in the future.[6]

2.1.2 Overview of debates and the political discourse

In regard to the pension system, last year was scarce in terms of publications, research or any other type of paper or analysis produced by relevant stakeholders. It can also be noted that there was a shortage of debates, except for the debates on the law amendments, reports, programmes or decisions made by state authorities as a legal form of expression or definition of a reform or policy, which, however, provoked only indirect discussions and estimates.

Mostly represented was the issue regarding the effect of contribution reduction on the pension system as opposed to the increased basis for payment of contributions due to the introduction of the gross wage. Considering that in 2009 the pension contribution was paid at a reduced rate of 19% (previously it was 21.2%), this influenced the less-than-expected revenues of the Pension and Disability Insurance Fund (PDIF). According to the PDIF Financial Report, the analysis and data demonstrate that the collected contributions participate in the total revenues with 5.3%[7] less compared to the previous year. This was a reason for additional transfer of assets from the state budget to the PDIF as temporary loans, in order to have continuity of payment of pension benefits in the regular disbursement periods. According to the data of the report, the expectation that the passing to the gross wage concept (which means increased basis for calculation of contributions compared to the net wage concept) would compensate for the reduced contribution rate did not come true.

In addition, the public's and especially the pension fund managers' attention was drawn by the decision of the government of the FYR Macedonia for a drastic decrease of fees chargeable by the pension companies. The Agency for Supervision of Fully-funded Pension Insurance (MAPAS) has legal authorisation to analyse the costs and fees charged by the pension companies and to evaluate the maximum amount of the entrance fee they should charge. Based on that evaluation, the Government makes the final decision, and, thus, the last decision from January 2010 stipulates that this percentage will be 5.5% of paid contributions. The new amendments to the Law on Mandatory Fully-funded Pension Insurance prescribe that this fee is further reduced to 4.5% in 2011 and from 2012, it will be 4%.[8] The estimate for these fees is made in a way that they would not disrupt the financial condition of the pension companies and their management of the pension funds. The pension fund managers strongly reacted in the media[9] to this government decision, stating that the government was not transparent in their decision-making process and that they were neither consulted nor included in the process. They pointed out that the pension companies support the rationalisation of costs of the system and that they, upon their own initiative, had so far reduced their entrance fees three times.

From the aspect of debates and political discourse of crucial character, it is important to state the fact that the FYR Macedonia is a non-EU country (with a candidate-country status waiting to join the EU family) and is, therefore, subject to annual evaluation on the progress in fulfilling given benchmarks. In 2009, the "Commission Staff Working Document the FYR

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6 Amendment to the Law on Mandatory Fully-funded Pension Insurance, published in the Official Gazette No. 50 of 13 April 2010.

7 Macedonian Pension and Disability Insurance Fund: Financial Report for the Management Board, on year 2009, published February 2010, retrieved from: http://www.piom.com.mk/.

8 Amendment to the Law on Mandatory Fully-funded Pension Insurance, published in the Official Gazette No. 50 of 13 April 2010.

9 Dnevnik and Utrinski Vesnik – daily newspapers, 14 and 16 January 2010.

Macedonia 2009 Progress Report"[10] analysed the need for legislation relaxation in terms of restrictions on the investment of the assets of the pension funds abroad. In this report, the European Commission's attitude towards the institutional infrastructure of the pension system refers to the insufficient independence of the Agency for Supervision of Fully-funded Pension Insurance, which was also noted in the progress reports of previous years. Therefore, the 2009 Progress Report again suggests that the increased independence of the agency, especially in the area of budgeting, reporting and appointment of the directors and the members of the management board, is necessary.

As an accompanying document to the EC Progress Report, the government of the FYR Macedonia adopted the "National Programme for Adoption of the Acquis Communautaire - Revision 2009",[11] which underwent a second revision in May 2009, in order to achieve progress in harmonisation with EU legislation. In the document, the possibility of developing a fully-funded voluntary pension insurance is presented by the government of the FYR Macedonia. Moreover, the intention is noted to open the market and stimulate the entrance of new mandatory pension funds, besides the existing two, in order to increase competition and to decrease the costs of the system. Furthermore, an important part of this document in respect of short-term priorities is the orientation towards increased percentage of investment of pension fund assets in foreign securities, which is actually one of the EC recommendations given in the 2009 Progress Report (4.4. Chapter 4: Free movement of capital).

Not so crucial but interesting nonetheless is one event in 2009, when a citizen submitted a complaint to the Constitutional Court[12] in reference to a provision of the Law on Mandatory Fully-funded Pension Insurance. Namely, he contested the provision of Article 39 paragraph 1 count i) of this law, which stipulates that 'when applying for a licence to establish a pension company, besides other documents, the proposed members of the managing bodies are required to submit a document proving that they are not sanctioned with a prohibition to perform a profession or a job in the field of banking, accounting, insurance, pension fund management or financial services'. The Court found this provision to be unconstitutional and ruled on its abolishment with the explanation that, when requesting such documents from individuals, the basic dignity and presumption of innocence of the individual are violated. On the other hand, the issuing authority has the right to additionally check facts stated in the documentation submitted for application before deciding to grant the licence to establish a pension company.

2.1.3 Impact assessment

Financial stability

Certain short-term evaluations can be drawn on the balance between the revenues and expenditures of the system from the analysis of the financial condition of the pension system, when comparing the data in 2009 with the data in 2008 and previous years.

It is even more important to follow the pension system by using economic and demographic assumptions based on long-term projections, in order to foresee the financial stability of the system in the coming future.

The current revenues of the pension system proved to be insufficient to cover all obligations for payment of pension benefits in 2009. In order to improve the liquidity and not disrupt the regularity of payment of pension benefits, the PDIF, on several occasions, took loans and

[10] 4.4. Chapter 4: Free movement of capital and 4.9 Chapter 9: Financial Services.
[11] Chapter 3.9.2 Insurance and Professional Pension Insurance.
[12] Decision of the Constitutional Court No: 165/2008-0-1 from 11 March 2009.

increased the transfers from the central budget, so that at the end of the year the shortage was balanced. The regular transfers were aimed at covering the transitional costs for the second pillar, benefits realised under favourable criteria, minimum pensions for farmers and pensions for military personnel. The need for additional transfers from the central budget in 2009 arose, because of the increase of pensions in 2008. Considering that 2008 was an election year, the government, with an extraordinary decision, increased the pensions by a higher indexation of 21.66% instead the legally prescribed one (9.78%). On top of this, the deficit increased, because of reduced revenues from paid contributions. This is a consequence of the gradual reduction of the contribution rate from 21.2% to 19% (for 2009).

This level of pensions reached 81% of total PDIF expenditures, as seen in Figure 2. Opposed to expenditures, in the structure of the pension system's revenues, the largest inflow is from contributions from wages. From that source of financing the collection was 60.9% in 2009, as shown in Figure 1, which is lower than in 2008 (66.2%). The second largest source of revenues is the transfers from the central budget, as one of the significant financers of the pension system. The revenues transferred from the central budget in 2009 reached 33.7%, compared to 27.1% in 2008, which is an increase of 6.6%.[13] The trend of increasing state subsidiaries for the pension system will constitute an additional burden for the state budget.

To compare the position of Macedonia and the movements of the transfers from the central budget to the state pension funds in some countries of the region, see the table below:[14]

Table 1: Comparison of transfers from the central budget to the state pension funds

Country	Participation of transfers (%) for 2008	Participation of transfers (%) for 2009
Bulgaria	31.96	49.7
Croatia	39.2	42.5
Serbia	30.4	40.86
FYR Macedonia	27.1	33.7

Source: see Footnote 14

It can be seen from the enclosed data that the participation of transfers in the total pension revenues is high in the compared countries, however, FYR Macedonia is in a better position than the other analysed countries.

[13] Pension and Disability Insurance Fund: Financial Report for the Management Board, on year 2009, published February 2010, retrieved from: http://www.piom.com.mk/.

[14] National Social Security Institute, Bulletin No.1, retrieved from: http://www.nssi.bg/en/index.html; Croatian Pension Insurance Bureau, Financial Report for working of the Croatian Pension Insurance Burro on year 2009, published March 2010, retrieved from: http://www.mirovinsko.hr, Financial Report for working of the RFPIO on year 2009, retrieved from: http://www.pio.rs/sr/cr/finansije/.

Figure 1:[15] The structure of revenues as of end of 2009

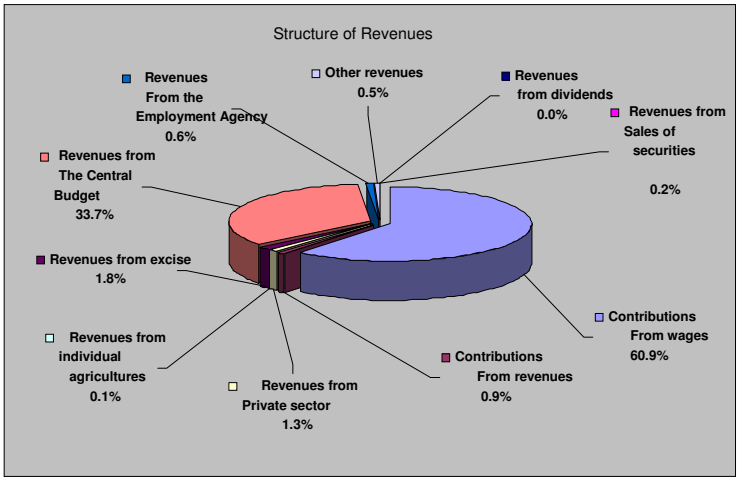
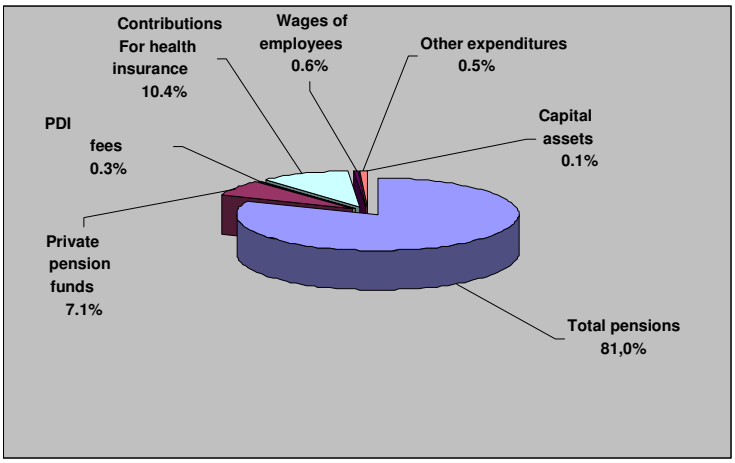


Figure 2:[16] The structure of expenditures as of end of 2009



Bearing in mind the structure of revenues and expenditures (Figures 1 and 2) and the current financial situation with increased liabilities for payment of pension benefits and, on the other hand, revenues that are smaller than expected, due to a decreased contribution rate, the financial stability of the pension system, at least for now, is successfully maintained in the short term, i.e. it is balanced through loans and additional transfers from the central budget.

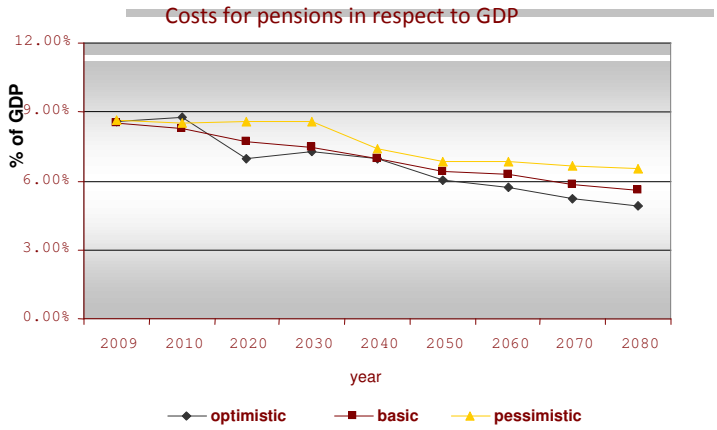
The future financial situation and sustainability of the pension system in the long run can be seen through the latest actuarial projections from July 2009 (see Figure 3 below), which are also used by policy makers as an instrument for planning the future pension system development.

The key elements in the actuarial forecasts are: the percentage of the pension benefit expenditures of GDP, the movements of revenues and expenditures and the transition costs pace.

[15] Pension and Disability Insurance Fund: Financial Report for the Management Board, on year 2009, published February 2010, retrieved from: http://www.piom.com.mk/.

[16] Pension and Disability Insurance Fund: Financial Report for the Management Board, on year 2009, published February 2010, retrieved from: http://www.piom.com.mk/.

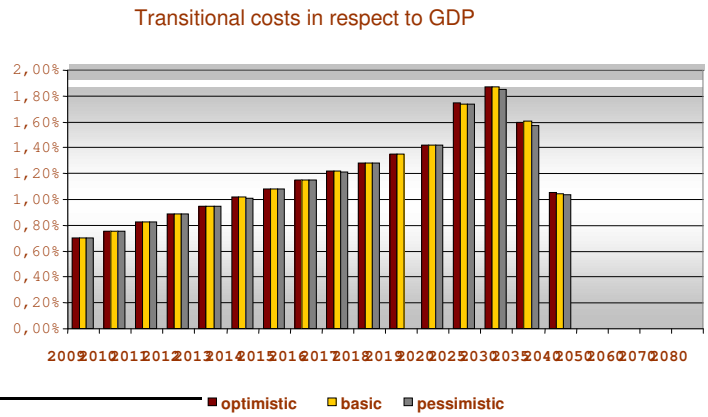
Figure 3:[17] Projections on pension benefit expenditures and GDP



The gradual and long-term decrease of expenditures for pension benefits can be noted in all three scenarios presented in this figure. This is mostly due to the earlier parametric reforms, as well as the introduction of the mandatory private pension funds, which in the future will lead to a decrease of the state pension fund's liabilities for payment of pension benefits. This is influenced by two factors: firstly, the decrease of the replacement ratio from 80% to 72% for first pillar pensioners and, secondly, the replacement ratio from the first pillar for persons insured in the two-pillar system will be 30%, and the rest of the pension benefit will be paid from the second pillar. These replacement ratios will have an effect on the decrease of pension benefits expenditures in respect to GDP, from the current 8.5% to 5.6% in the future (basic scenario).

Because of the young age of the switchers in the mandatory fully-funded pension system, the transitional costs of the reform will be distributed over a period of 30 years, thereby making the reform more bearable in terms of financing those costs.

Figure 4:[18] Projections on Transition Costs



[17] Actuarial Report on the pension system in FYR Macedonia - July, 2009, retrieved from: http://www.piom.com.mk/.

[18] Actuarial Report on the pension system in RM-July, 2009, retrieved from: http://www.piom.com.mk/.

The transition costs in 2009 are revaluated and amount to 0.7% of GDP. It is envisaged that they will grow in the following years, in order to reach their peak around 2030 and amount to 1.87% of GDP. After this period, there should be a moment of decrease, and they should diminish completely in 2050, with the maturation of the pension system.[19]

All these Figures (3 and 4) with actuarial projections are interconnected and give a long-term picture of the Macedonian pension system. The expectation is that the financial sustainability will come after all the parametric reforms, followed by the big reform, the introduction of the fully-funded pension insurance.

Institutional Infrastructure

Until 2009, the custodian role was carried out by the Central Bank as part of the institutional infrastructure of the system of fully-funded pension insurance. This was due to lack and incapability of other adequate institutions to perform these services (commercial banks and depositories).

Such a transitory solution was foreseen for the first years of implementation of the reformed pension system. In 2009, the conditions were already in place for the custodian role of the Central Bank to be transferred to the commercial banks that meet the required standards for this role. Even though this was a rather complex process, the transfer was carried out very successfully in a very short period, causing no delays in the operations of the pension funds. This migration of functions will work on a competitive basis without limitations to the number of banks that will be performing the role of custodian. Currently, two banks perform the custodian role in the Macedonian pension market, and a third one is technically prepared and with adequate staff to enter this business soon. The competition in this business will eventually lead to a decrease of custodial costs, as a result of the race for market shares and lower commissions charged to pension companies. In the long run, this set-up of the custodial infrastructure will have a positive effect on the future pensioners.

2.1.4 Critical assessment of the reforms

Financial sustainability

As mentioned before, in 2009, the gradual reduction of the contribution rate started, which for that year was 19%, instead of the previous 21.2%. Also, a large number of workers were left unemployed, due to the impact of the economic crisis on the economy, with an unemployment rate reaching 32.2%. As a result, the revenues from paid contributions decreased, creating a temporary deficit and insufficiency of assets to cover the pension benefits.

In order to improve the liquidity, and to keep the pension benefit payouts regular, the PDIF, on several occasions, borrowed money and received transfers from the central budget, which in total were bigger than prescribed by law. These transfers from the central budget in 2009 reached 33.7%, whereas in 2008 they were 27.1%. This increase in transfers is alarming, considering that in 2010, the contribution rate will be further decreased to 18% and in 2011, and it will be 15%. Such existing situation leads to the conclusion that the need for transfers from the central budget will increase in the future. One of the daily newspapers commented on this occurrence, stating that calculations showed that, in the following two years, the transfers from the central budget would reach 40%.[20] If this growing trend persists in the

[19] Actuarial Report on the pension system in RM-July, 2009, retrieved from: http://www.piom.com.mk/.

[20] Article in daily newspaper "Vest", 10 May 2009.

following years, there is a danger that half of the pension system's revenues will find their source in central budget transfers. In this case, these transfers will even out with the revenues from the collected contributions, which until recently represented the major source of financing of the system.

At a time when the country has not yet recovered from the economic crisis, it remains to be seen if the effects of the efforts to financially stabilise the pension system, made through the parametric reforms in the last decade, will soften or vanish in the face of the measures taken with the latest reforms (such as the decrease of the contribution rate).

In order to maintain the financial stability of the entire pension system, as well as to keep the adequacy of pensions in the long run, the Government of the Former Yugoslav Republic of Macedonia implemented a policy aimed at decreasing the costs of the mandatory fully-funded pension insurance. According to this policy, the maximum fee pension companies can charge from paid contributions in 2010 will be 5.5%. The Government justifies this limitation with the expectation that such measure will contribute to an overall decrease of the system's costs, which will have a positive effect on the members' benefits. Despite the pension companies' objections and strong reactions, the government of the FYR Macedonia, in addition to the policy implementation, passed an amendment to the Law on Fully-funded Pension Insurance, which demonstrated its firm determination to decrease the costs of the system by prescribing that this fee should decrease to 4% by 2012. These measures will have an impact on the overall costs of the system. This is because the lowering of fees will influence the financial sustainability, and, consequently, the assets in the individual accounts, ultimately providing for adequate pensions. Furthermore, it should not disrupt the financial condition of the pension companies and their management of the pension funds.

In order to understand the meaning of this policy of decreasing the fees of the mandatory pension funds there is a table below which gives the comparison of costs in other countries including countries from Central and Eastern Europe (CEE):[21]

Table 2: Comparison of costs in a selection of countries (note: the given countries are selected by the same type and calculation of fees (contributions and assets management fees)

Country	Fees from contributions (%)	Fees from assets (%)
Bulgaria	5	1
Hungary	6 (4.5-2008)	0.9 (0.8-2008)
Poland	7 (3.5 by 2014)	0.45
Estonia	3	2
Macedonia	5.5-2010 (4.5-2011;4-20120)	0.6

Source: see Footnote 21

In reference to this table it is important to point out that the comparison would not be realistic if only data on fees from contributions were used without taking into consideration the fees from assets.

[21] Insert of the IOPS document "Fees Individual Account Pension System-A CROSS-COUNTRY COMPARISON", September 2008, retrieved from: http://www.oecd.org/dataoecd/55/15/41488510.pdf.

Building public awareness

As explained in the Chapter *Reforms*, with the legal solutions passed in 2008 for the introduction of the voluntary fully-funded pension insurance and the opening of the market for the entrance of new mandatory pension funds, it was expected that 2009 would see their practical implementation. There were some activities but only in the field of voluntary fully-funded pension insurance. Namely, in 2009, two licences were granted for the establishment of voluntary pension funds, after which the process of membership started by individuals and employers who established occupational schemes for their employees. According to the available data on third pillar membership, it is obvious that the number of members is very small, which is due to this pillar only being in existence for a few months now. The official data show distribution of the voluntary pension funds membership by member type is 35.63% in a pension scheme with occupational accounts, and 64.37% with contracts and individual accounts. The structure of investments of the voluntary pension funds is very modest and limited, typical for the starting period, and it consists of 54% in deposits, 20% in domestic bonds, 6% in domestic shares, and 20% in cash. On 31 December 2009, the value of the accounting unit from the initial 100 has been increased to 103.06 only after few months of existence of the voluntary funds.[22]

However, if one takes into consideration that the voluntary funded pension insurance (third pillar) is a novelty in the pension sector in Macedonia, it is of crucial importance that the public is educated and informed of its characteristics. This is necessary in order for the citizens to understand the need for this type of insurance and advantages from it, as well as its expected long-term effects and benefits. In 2009, there were no serious public promotional campaigns for the voluntary pension insurance by neither the governmental institutions nor the licensed pension companies. In order to boost the public's interest, it will be necessary to enhance promotional and educational campaigns to attract a larger number of members and keep this insurance vital. Besides explaining the characteristics and advantages of the voluntary insurance, the public campaign should point out the tax incentives for the individuals as savers, but as well as for the insurers/sponsors of occupational schemes. The members of the voluntary pension funds and the insurers/sponsors of occupational schemes have the right to personal tax reimbursement (10%), and the amount of tax deduction for one calendar year cannot be higher than six monthly salaries for the previous year.

Otherwise, if the pension funds do not reach the minimum necessary amount of assets for investment, the operational costs for the pension fund management will start nibbling at the value of the pension funds, and by that the expected benefits.

The law on Voluntary Fully-funded Pension Insurance does not stipulate any amount of benefits that is guaranteed unlike the mandatory pension insurance where the Law on Pension and Disability Insurance stipulates a guaranteed minimum pension.

Institutional capacity

As previously stated, the EC-2009 Progress Report, clearly comments on the need for raising the level of independence in budgeting, reporting and the appointment of director and members of the management board of the Agency for Supervision of Fully-funded Pension Insurance. In this respect in February 2010, the government submitted to the parliament an amendment to the Law on Mandatory Fully-funded Pension Insurance (adopted in April 2010), making an effort to respond to the EC suggestions. However, this amendment only

[22] Agency for Supervision of Fully-Funded Pension Insurance – MAPAS, Statistical Report No. 16, 31 December 2009, retrieved from: http://www.mapas.gov.mk.

provides for increased independence in the budgeting of the Agency, but not in the appointment of the managing bodies, which is not exactly in accordance with the suggestions by the EC.

Finally, it is important to mention that the government, with the latest amendments to the Law on Mandatory Fully-funded Pension Insurance, proposes to loosen the pension funds' investment limits from the current 30% to 50%[23] of allowed investments in foreign securities. This will enable diversification of pension fund assets and harmonisation with the suggestions by the EC, made in the EU-2009 Progress Report.

2.2 Health

2.2.1 Overview of the system's characteristics and reforms

The Government of Macedonia's objectives are to obtain a health care system based on long-term stability, sound governance and an appropriate institutional capacity within the key players in the health care system. It wants to see Ministry of Health (MOH), the Health Insurance Fund (HIF) and the health care providers operating in a reformed health care environment, all focused on the patient as the most important element in the health care system.

Health care financing in Macedonia is organised around a social insurance system managed by the HIF. The Ministry of Health (MOH) provides the legal and regulatory framework for system operation and stewardship, while the HIF pools health insurance contributions from the payrolls (7.5% of gross wage), transfers from the state budget (for the unemployed and beneficiaries of social welfare), and co-payments. Average spending on health care per capita is around USD 200. Relative to GDP, public spending for health care was 4.8% in 2008 compared to 5% in the new EU Member States. Out-of-pocket payments, both formal and informal, reported in a household survey indicate that people contribute about 3% of GDP bringing the total health care spending to 7.8% of GDP.

The HIF is the single payer which contracts public and private providers to deliver health services defined in the basic benefit package. The benefits package is quite costly, broad and comprehensive, covering practically all health services for the insured. It is generous compared with available HIF revenues, contributing to the problem of implicit rationing and informal payment. The current insurance benefit package is being revised to incorporate curative special programmes. Several mechanisms are in place to improve access to care. The Health Insurance Law defines exemption policies from co-payment, a stop-loss clause on the level of co-payment and reimbursement of some transport costs for insured individuals.

The Law on Health Insurance was amended in May 2009 with the aim of providing accessible social insurance for all citizens. Universal coverage has been introduced in 2009, financed from the central budget, with an essential package for all citizens (including the unemployed and uninsured), including preventive check-ups, immunisation, coverage of part of the positive list of drugs and treatment of a range of communicable diseases.[24] These legislative changes are also expected to lead to the Employment Services Agency handing over responsibility to the Health Insurance Fund for the unemployed beneficiaries of health insurance, so that the agency will be able to concentrate on its core tasks. The work of the

[23] Amendment to the Law on Mandatory Fully-funded Pension Insurance, published in the Official Gazette No. 50 from 13 April 2010.

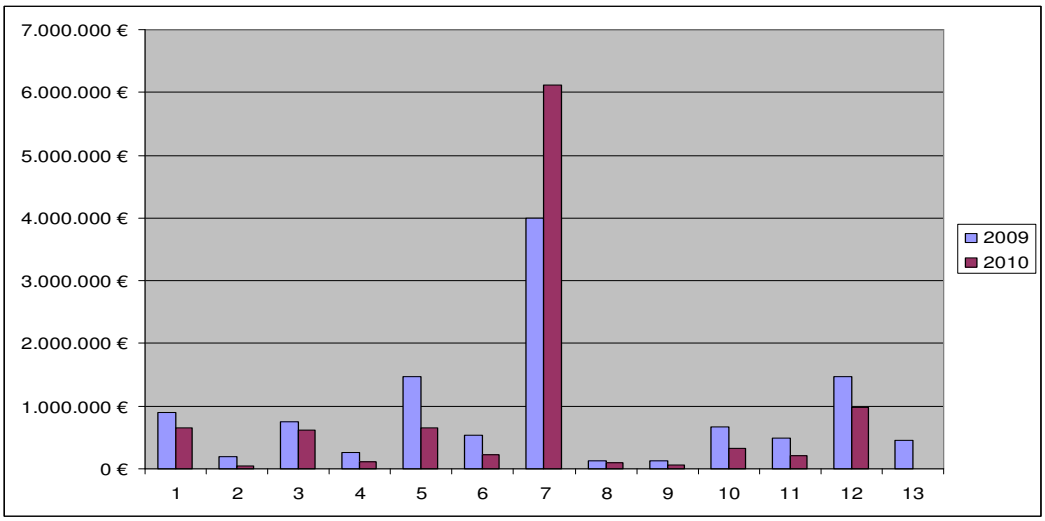
[24] MOH 2010, retrieved from http://www.moh.gov.mk/, accessed on 15 March 2010.

Employment Services Agency is still geared too closely towards administering the unemployment and health insurance of the registered unemployed.[25]

In addition to the HIF, there are 16 national vertical programmes, fully funded by the government, which are free of charge and thus accessible to all the population, insured or not, including the poorest and most vulnerable groups, which makes them pro-poor and equitable, in particular, the programme covering health costs to the uninsured, which are often (not always) the poorest.

Expenditure trends for the health sector are significant. Nominal expenditure by the MoH has gone to EUR 29.45 million in the budget for 2008, an increase of almost four times compared to 2003. Resources for the MoH have also grown as a share of the total government budget, going from 0.42% to 1.20%.[26] Health and social protection participated in GDP with 3.4% in 2008.[27] EUR 21.8 million has been allocated for health in the budget for 2010, out of which EUR 13.3 million for vertical programmes.[28] The increase of budget allocations for vertical health programmes in 2010 of EUR 13.3 million (compared with EUR 13.1 million in 2009) is an important progress in ensuring more and better preventive health actions, particularly those reaching vulnerable populations, such as immunisation (increase from EUR 4 to 6.1 million due to the introduction of compulsory HPV immunisation) and health insurance and health care for all citizens (from EUR 1.3 to 3 million). The budget for other programmes has been decreased, especially for the preventive programme from EUR 1.5 to 0.9 million.[29]

Figure 5: Budget distribution of the vertical health programmes in Macedonia 2009-2010



1. Health care for people with substance use disorders, 2. Health for all and continuing medical education, 3. Health care of persons with mental disorders, 4. Preventive measures for the prevention of tuberculosis among the population, 5. Providing dialysis, chemotherapy, insulin, growth hormone and haemophilia treatment, providing transplant and other medication, 6. Active health protection of mothers and children, 7. Mandatory immunisation of the population, 8. Protecting the population from HIV/AIDS, 9. Investigation of the occurrence, prevention and eradication of brucellosis in humans, 10. Systematic reviews of the students in Macedonia, 11. Organising and promoting protection against specific diseases for citizens not covered by insurance, 12. Preventive health care, 13. Treatment of rare diseases

Source: MOF 2010

25 EU Commission 2009.
26 Pereznieto P., Uzunov V. 2009, World Bank 2008.
27 State Statistical office, retrieved from: http://www.stat.gov.mk/, accessed on 31 March 2010.
28 MOH 2010.
29 MOF 2010.

The functional analysis of the MOH carried out in 2004 has shown the need to improve the roles and functions of the MOH towards the core functions of policy formulation and implementation, priority-setting and monitoring health systems performance and coordination. Some of these have been reflected in the recently adopted new Public Health Law with defined function, organisation and financing of the Institute of Public Health and the Centres of Public Health.

In the context of a mix of privatised & public health services available to consumers, the need to strengthen the regulatory framework for consumer protection became apparent. The implementation of the Law for Patient Rights, which was adopted in June 2008, was enhanced and supported by many activities during 2009. The Ministry of Health, through the Health Sector Management Project, started a campaign, in which it prepared a variety of information material related to patient rights and the obligations of health providers and distributed it widely through daily newspapers and in the health institutions throughout the country. Health providers are more informed (94%) than patients (82%) about the law in general. There are differences among various groups in their level of information about certain patient rights. Concrete activities are undertaken to improve the implementation of the law in practice, i.e. in all health institutions, such as establishing offices for advisers for patient rights, providing guides and information for patients.[30]

Health services are delivered through a network of public and private health care institutions (HCI), with relatively even territorial distribution. Primary care is delivered by general practitioners (GPs) and other primary care doctors such as paediatricians, school medicine specialists, gynaecologists, contracted by the HIF and paid on capitation basis. The capitation formula is risk adjusted by age, gender and region and includes a performance component bound to compliance with selected preventive and curative care indicators (including preventive prenatal visits, postnatal check-ups of newborns, etc.). The GPs still do not provide all preventive services and emergency care after office hours. The reasons are that the family medicine model of public health care has not yet been implemented, the infrastructure for service provision is inadequate, while primary health care (PHC) physicians tend to resort to selective practices (i.e. cherry-picking) when it comes to poor or uninsured patients. Special programmes for preventive and curative care funded by the central budget have been set up to provide free care to uninsured and insured. However, the reimbursement procedures seem to be too cumbersome for the PHC physicians. As a consequence, there is a tendency to avoid such situations, which in turn negatively affects the access to care. The privatisation of the primary health care (PHC) and dental practices was completed in 2007, while only parts of preventive PHC related to the care of infants and small children (regular check-ups, growth monitoring and immunisation services) and outreach nursing services remained in the public sector. The division between public and private provision of preventive care, between the preventive teams kept on public payroll and privatised PHC physicians on capitation contract with the HIF, has created gaps in access, coverage and quality of preventive services, especially for children and pregnant women.

About 70% of the specialist outpatient care is publicly delivered, where patients pay a small co-payment for services. The number of private providers in hospital care is growing. Inpatient care in hospitals is publicly provided and financed though historic budgets bound to a list of performance indicators according to which hospitals report to the HIF on a quarterly basis. Basically, hospitals in Macedonia have undergone few organisational changes. The current and next stage of the hospital payment reforms aim to introduce and upgrade case-based payment such as DRGs. Hospitals will be reimbursed based on outputs, and as a result,

[30] Kostovska A., 2009.

the management of hospitals will change fundamentally. Moreover, rationalisation measures, appropriate modernisation and the provision of adequate information systems which are missing will be carried out.[31]

Hospitals remain, for the most part, focused on inpatient management of hospital beds, rather than patients and they have not incorporated modern management and clinical practices. The main changes envisioned include: promoting greater use of ambulatory procedures, including surgical, internal medicine and diagnostic techniques that will lower the demand for hospital beds and yield considerable savings to the system.[32]

The strengthening of hospital management is planned by introducing continuous hospital management training aiming to improve quality and efficiency of hospital care, to strengthen hospital management staff, improve management processes and support optimal organisational development. Moreover, the establishment of a strong and efficient managerial team in the (new) General City Hospital in Skopje, (transformation of the Military Hospital in 2009) empowered to develop and maintain adequate organisational and referral processes and cooperation with the primary and tertiary level of health care, is projected to bring positive budget implications and adequate contracting mechanisms with the Health Insurance Fund (HIF).[33]

An integrated approach to service delivery with close cooperation between primary, secondary and tertiary-level services is also missing (proper disease management). The functional division between the different health care levels is not working well. On the other hand, all reform efforts focus mainly on the primary health care level. None of the reforms have addressed the rationalisation of the health care services and their equal distribution at regional level.

The government of Macedonia's higher level reform objectives are economic development, poverty reduction and the promotion of social stability and harmony. The Health Sector Management Project, supported by a World Bank loan, has supported the activities of several key reforms in the health system, including a new payment system for hospitals based on Diagnostic Related Groups (DRGs) and performance based payments, the introduction of the treasury system for the Health Insurance Fund, a reform of the existing basic benefit package, the development of family medicine in primary health care, grant funding for the renovation of a family medicine training centre and 17 PHC clinics. The main remaining activity in the project is the provision of hardware to complement the implementation of an integrated health management information system. In order to complete this activity, the project was extended for twelve months until 30 June 2010.[34]

Provider payment reforms set incentives to providers to increase the number of services and treat more patients. Special incentives are introduced for the work in rural areas, preventive and promotion activities as well as the rational prescription of drugs and referrals to higher care levels. The combined model of payment through capitation and fees for services created more incentives for improved efficiency at this level, which is very important, especially for vulnerable groups.[35] Funding for public health institutions is provided by the HIF through a defined annual limited budget approved by the HIF Management Board. In the last 2 years, huge efforts have been put into the introduction of the DRG (Diagnostic Related Groups), the adaptation of the Australian model and the coding system to fit the country's situation. A set of training courses were organised for the hospital administration and financial staff and HIF.

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31 Karol Consulting, 2008.
32 World Bank 2010.
33 Conseil Sante, 2010.
34 HLT SEC MGT World Bank, 2009, Aide Memoire HSMP World Bank 2009.
35 HIF 2009.

The practical implementation of the DRG system as a payment mechanism of hospital health care services started on 1 January 2009 and will enable efficient and effective health care services and support of the financial sustainability of the system. The new system will bring new reference prices for the health care services in the hospital care.

The Ministry of Health has undertaken many activities to improve the quality of health services: modernisation and improvement of the health sector increasing transparency, efficacy and sustainability, capacity building at all levels and reforms of public administration, programmes for health care and prevention, EU integration and crisis management.[36] To achieve all these activities EUR 21.8 million (MKD 1.34 billion) have been allocated for health in the budget for 2010, while for 2011 it is significantly increased to EUR 34 million, and for 2012 EUR 36 million (out of which 70-80% are for medical equipment and technology) have been earmarked.[37]

The self-assessment by the government emphasised the following as the most important achievements in the health sector that will contribute to:

– *increased access:*

- the introduction of universal coverage within the health insurance for all citizens (including those who are not covered within the compulsory health insurance),
- the introduction of a programme for the treatment of rare diseases with a budget of MKD 48 million,
- the introduction of two new free vaccines, HPV and HIB,
- the introduction of full screening for breast and cervical cancer,
- the introduction of an additional extension of the positive list;

– *increased quality of services:*

- start of the development of an integrated health information system and electronic health card,
- start of the implementation of specialisation of family medicine,
- reorganisation of emergency medical services,
- establishment of a committee for improvement of the health sector in Macedonia,
- introduction of the DRG payment system,
- procurement of new modern medical equipment (EUR 5 million), etc.[38]

Since all these measures were undertaken in 2009, their impact on the access, equity and quality of health services is expected and can be assessed in the next years.

The HIF has accomplished the following activities to increase the benefits from the health insurance:

– For the first time on 18 February 2010, HIF advertised referent prices for the drugs on the HIF positive list, which are adjusted with the referent prices of drugs from the region (Slovenia, Croatia, Serbia, and Bulgaria).[39] The implementation of this transparent, clear and simple methodology will increase HIF efficiency, enabling HIF to purchase more new

[36] Retrieved from: http://www.moh.gov.mk/, accessed 18 March 2010.
[37] Government Budget 2010.
[38] Vecher, 5 August 2009, MOH 2010.
[39] Retrieved from:http://www.fzo.org.mk/, accessed on 2 October 2009.

drugs within the same budget and more drugs for the insured without co-payment (increase of 76%), and drugs that are most used (as assumed by HIF and the media).[40]

- The by-law for change and extension of the list of prosthetic and other devices and the decision to change the referent prices of prosthetic and other devices.[41]
- On 01 June 2009, HIF changed the register numbers of the temporary unemployed and uninsured beneficiaries of the universal package financed by the central budget through transfers to HIF, in order to make access to the new package introduced in 2009 easier for these beneficiaries.[42]

There is a need to continue with activities established under the health sector management project: further review of the private sector's role in financing health services through voluntary complementary health insurance and co-payments, improving the access to health services through reduction and/or better risk pooling, monitoring and evaluation and making adjustments to the system of provider payments, and contracting mechanisms to ensure that the policy goals of increased efficiency, quality and access are being met, and further improvements in the quality assurance system.

2.2.2 Overview of debates/the political discourse

A lot of international strategic documents were reflected in the national policy of 2009. The strategy on promotion of adolescent health, the strategy for non-communicable disease and the strategy for protection of oral diseases among children in the FYR Macedonia 2008-2018 were adopted. The implementation of the national strategy to reduce harm caused by alcohol has been continuing. Action plans for the strategy for the protection from domestic violence and the strategy for road safety have been developed.[43] A draft strategy for reproductive and sexual health, standards for abortion and a draft strategy for palliative care were developed. The Improving Maternal and Infant Health – Macedonian Safe Motherhood Strategy is a guiding instrument for strengthening maternal and newborn care services, through upgrading facilities (such as outreach services, clinics and hospitals), providing essential medicines and staff, effective referral systems, transportation and communications ensuring that all mothers and babies receive the care they need, especially guaranteeing that the poor and marginalised have access to health.[44]

The strategic action plan for the Ministry of Health and strategic programmes have been adopted.[45] The strategic plan is the basic plan for development of the Ministry of Health for a three-year period, based on the programmes and activities of the Ministry of Health, the Programme for Work of the government for the period 2008-2012, the Health Strategy of Macedonia 2020 and the UN Millennium Goals. The following priorities were defined for 2009: increasing economic growth and competition; increasing employment, living standard and quality of life; EU and NATO integration; fight against crime and corruption; good interethnic relations and tolerance; investment in education, etc.[46] This also includes the strengthening of human resources planning and training, the rationalisation of health care facilities to redistribute limited resources more effectively and thereby to significantly improve the infrastructure of facilities as well as the quality, especially of primary care

40 Vreme, 27-28 February 2010, retrieved from: http://www.fzo.org.mk/, accessed on 28 February 2010.
41 Official Gazette of RM No 88, 16 July 2009.
42 Retrieved from: http://www.fzo.org.mk/ accessed on 2 October 2009.
43 MOH 2009, MOH 2010.
44 Zahorka M. et al., 2010.
45 MOH 2009, MOH 2010.
46 MOH 2010, retrieved from: http://www.moh.gov.mk/.

services. Emphasis on the enhancement of the primary health care services, as still the cheapest, affordable level of services for a comprehensive diseases management and as a gate keeper, will bring the adequate health care services close to the groups at risk and improve coordination with higher levels of care.[47] There is a need for enhancing capacities (at both central and local level) in planning, implementation and monitoring of the relevant national vertical health programmes which are addressing the socio-economic and health inequalities, by providing funds for prevention and free treatment for all, including uninsured patients.

The 2010-11 Biennial Collaborative Agreement between the World Health Organisation and the government of Macedonia is part of a provisional medium-term framework for collaboration between the WHO Regional Office for Europe and the government for the six year period 2008-2013, which correspondents with the WHO medium-term strategic plan. The total estimated budget of EUR 1.6 million will continue to support the following priorities that have been selected in response to current public health concerns and ongoing national efforts to improve the performance of the health system: strengthening health system performance and building capacities for addressing main health problems and achieving health gains in important public health areas: non-communicable diseases, communicable diseases, emergency preparedness and environmental health.[48]

The impact of the introduced concept of two managers (one doctor and the other economist) with linked signatures after completed training in management and leadership in health, despite all expectations to improve the efficiency of the managers and their control of the work, has been negative. Dr Vladimir Lazarevik, ex deputy minister of health, who was the patron of the introduction of linked signatures of two managers and who has personally coordinated the training for management and leadership in health, admitted that the mission and the main objective to improve financing and procurement was not achieved. The effects are good in improved theoretical knowledge, but in practice the efficiency and control were not improved. Economists were not able to influence the doctors from one side, from the other side, managers are dependent on their political party and are without autonomy, they are scared by the financial police, etc. In conditions when there is lack of money it is not clear why the position of manager is still very attractive.[49]

The Minister of Health says that, despite the provisions of the Health Care Law for the replacement of the health managers with two negative six months financial reports, has not been applied. Instead, it is planned to analyse the causes of debts in hospitals and to measure the efficiency of managers. The managers will be disciplined with special contracts, with strict obligations and limitations (not allowed additional work in the same or other private hospital, not allowed membership of management board of other health institution, not allowed to be founder, partner or share holder of another similar health institution, etc.).[50] Janez Jelnikar (current HIF Director) says that money is not the only problem; managers neither have autonomy nor freedom to make decisions. According to Prof. Jovan Tofoski, current president of the Macedonian Medical Association and ex minister of health (1992-94), there are many problems in the health system but the managers remain silent, because they are afraid that can be replaced if they speak openly. There is not enough money, especially for public hospitals, the prices are not realistic, there is over-employment. Prof. Gjorgji Orovcanec, parliamentary delegate and ex minister of health, has a similar opinion. According to him, there is a lack of money, but there also are no proper managers. The president of the Trade Union of University Clinics thinks that the money is not enough, but even within the

47 Conseil Sante, 2010.
48 BCA MOH/WHO, 2009.
49 Nova Makedonija, 20 January 2010.
50 Nova Makedonija, 20 January 2010.

available health budget of EUR 300 million health services could be provided with good managers; "poor managers" is one of many problems.[51]

2.2.3 Overview of impact assessment

Reforms in the public health services continued in 2009 with different initiatives complementing and supporting each other for a successful and sustainable outcome. The new Law on Public Health was adopted in 2009 encompassing the role of the state in providing public health services as public goods, based on an analysis of public health legislation in EU and non-EU countries; current international health regulations, and inventory of relevant existing Macedonian legislation; reflecting the aspirations of public health in Macedonia, the essential public health functions, role and financing of the Institute of Public Health and 10 centres of public health.[52] Human and financial resources available are not yet sufficient to ensure proper implementation of legislation, strategies and action plans.[53] Less than 30% of the financial resources of the Institute of Public Health are from the central budget and the HIF, which is not enough to cover the costs for the implementation of all essential public health functions.[54] The 2010 budget reduction of the Programme for Preventive Health Care and some other vertical programmes, as previously presented, have directly affected the scarce budget of the institute. The WHO will provide technical assistance for finding mechanisms for sustainable financing and strengthening of public health services, especially for the Institute of Public Health, which has been designated as a WHO Regional Centre of Public Health for South East Europe.

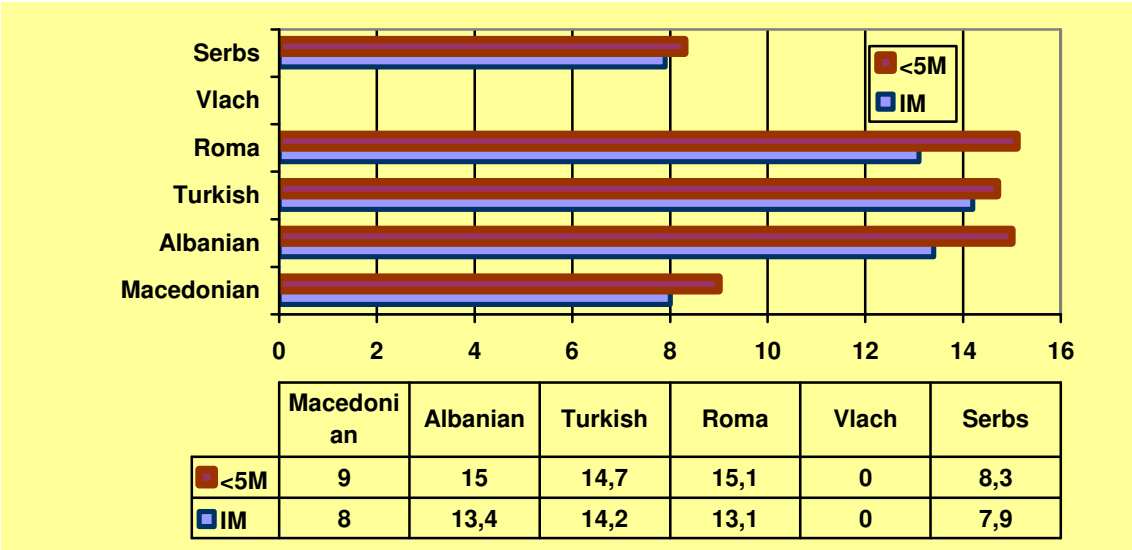
The second Millennium Development Goals (MDG) Report shows that in the period covered in the report, the FYR Macedonia achieved some progress in the social and economic areas. The economic parameters show growth of the GDP, inflow of foreign direct investments, as well as some reduction in unemployment. The parameters concerning maternal and child health demonstrate an upward trend and there has been some progress regarding environmental protection. However, progress in reducing poverty and social disparities, as well as disparities between various vulnerable groups has been slow and further efforts are needed to reach the planned targets. Mothers from the Roma community are oftentimes uninsured and cannot afford to co-fund or pay for the informal costs of regular antenatal examinations, childbirth or postnatal visits, even in the health care services that are free and subsidised under the vertical preventive programmes. Infant mortality is the highest among children of mothers with only primary education or no education at all. This correlation between the mothers' low education levels and infant mortality, as well as the higher mortality in certain areas and ethnic groups warrants the need to provide adequate health education to mothers.[55]

Significant progress has been made in improving mother and child health indicators during the last years, primarily reducing infant mortality to 9.7 per 1,000 children in 2008 and under-five mortality to 11, which has put the country on track for achieving the health related MDGs by 2015.[56] However, there is still work to be done, particularly, as some of the indicators

[51] Nova Makedonija, 20 January 2010.
[52] Retrieved from: http://www.moh.gov.mk/, accessed on 30 April 2010.
[53] EU Commission 2009.
[54] Retrieved from: http://www.finance.gov.mk/, accessed on 30 April 2010.
[55] Tozija F., 2009.
[56] Tozija F., 2009.

show certain inequities related to location, ethnicity and wealth.[57] Infants and young children in certain ethnic groups were exposed to a much higher risk of malnutrition, poorer health and higher mortality rate: Roma IM 13.1 (U-5 15.1), Turks IM 14.2 (U-5 14.7), and Albanians IM 13.4 (U-5 15) in 2007, while the values of both indicators for the Vlachs were zero.[58]

Figure 6: Infant mortality rate in the FYR Macedonia in 2007, according to ethnic background



	Macedonian	Albanian	Turkish	Roma	Vlach	Serbs
<5M	9	15	14,7	15,1	0	8,3
IM	8	13,4	14,2	13,1	0	7,9

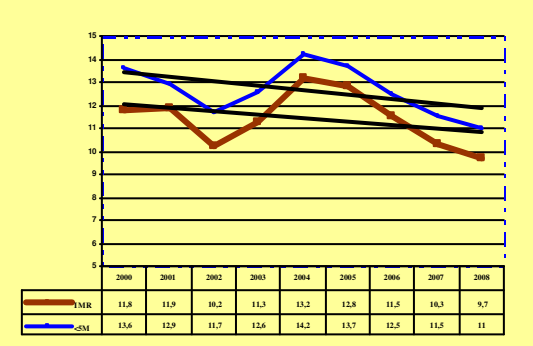
Source: State Statistical Office 2009

Health risks of the population of Roma children compared to those of the control group, both in children attending first and fifth grade, are related to their lower values of the anthropometric indices. There is a statistically significant difference in the values of body weight among children attending first grade from population group and control group as well as the height-for-age and BMI-for-age indices. Social determinants of the Roma population's principles and conditions of living, which could be investigated in future research, could bring additional light on the problem of impaired nutritional status in Roma population at this age.[59]

The maternal deaths have decreased from 13.5 per 100,000 live births in 2000 to 4.4 in 2006, whilst in 2007 it was 0 (no cases reported). The percentage of births attended by skilled medical personnel is generally high, having increased from 97.7% in 2000 to 99.7% in 2008, which is particularly important for keeping the maternal mortality at a low level. Registered abortions have been decreasing steadily, i.e. from 26.5 per 100 births in 2007 to 25.7 in 2008.[60]

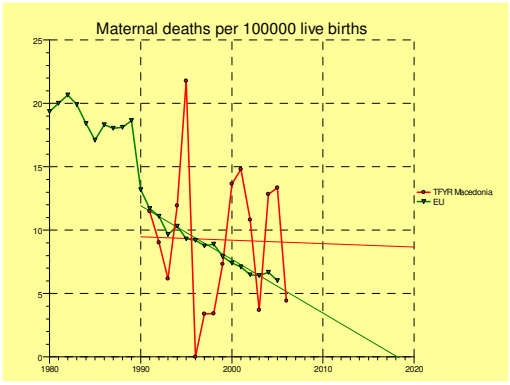
57 UNDP, 2009.
58 Tozija F., 2009.
59 Spiroski I., 2009.
60 Tozija et al. 2008, IHP 2009.

Figure 7: Infant and under-five mortality rate in the FYR Macedonia



Source: State Statistical Office 2009

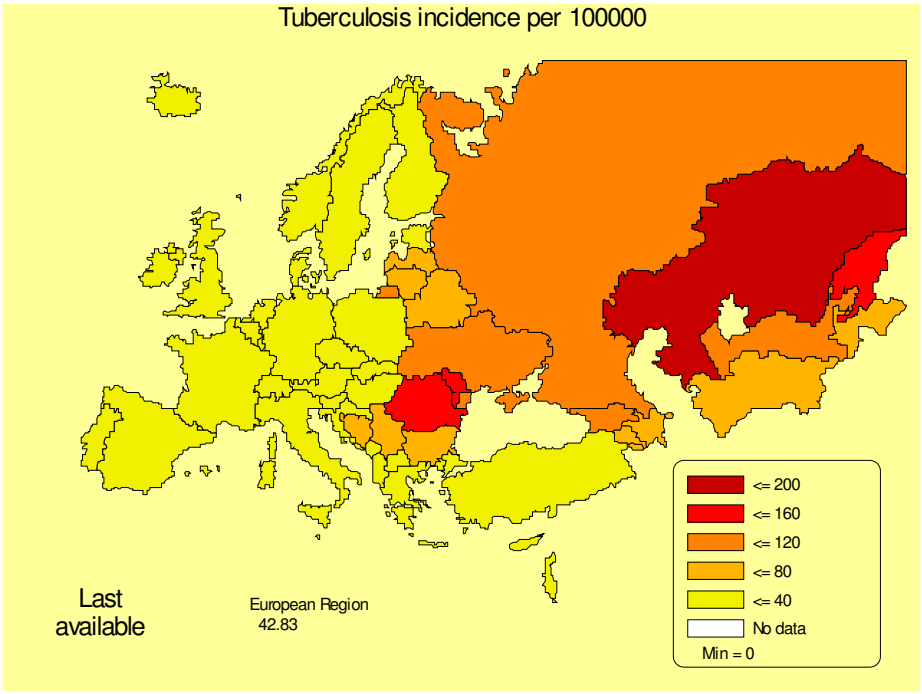
Figure 8: Maternal deaths in the FYR Macedonia compared to EU



Source: WHO HFA database. Institute of Public Health 2010

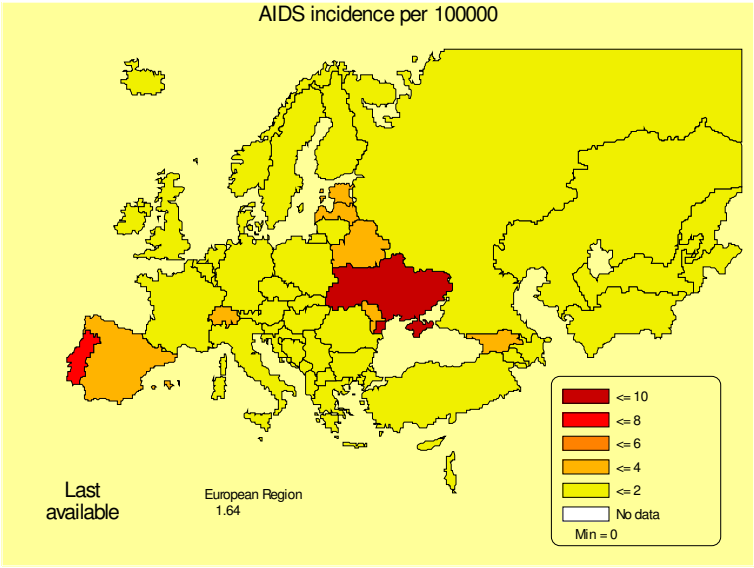
Health indicators are relatively good and comparable with indicators in the region. Macedonia is still among the countries with the lowest incidence rate of clinically diagnosed AIDS in the region and Europe – with 0.4 registered cases per 100,000, compared to the EU average of 1.6. The tuberculosis incidence rate has been oscillating between 27 and 40 per 100,000 in the period analysed, and has been lower than EU average and that in the countries from Central and Eastern Europe, and similar to that in the neighbouring countries.

Figure 9: Tuberculosis Incidence in Europe – WHO HFA database



Source: WHO HFA database. Institute of Public Health 2010

Figure 10: Aids Incidence Rate in Europe – WHO HFA database



Source: WHO HFA database. Institute of Public Health 2010

The outbreak of mumps at the beginning of 2009 revealed deficiencies in the immunisation programme against communicable diseases in the mid 1990s. The country was supported by the European Centre for Disease Prevention and Control (ECDC) and the WHO in containing the outbreak of mumps. Emergency immunisation against mumps of the population aged between 14 and 21 was carried out.[61] Measures have been taken to strengthen the integrated

[61] EU Commission, 2009.

health information system across the entire health sector, including the national early warning system (EWARN).

The surveys highlighted safety issues that were known but insufficiently regarded even though injuries and violence were set as government priorities. They indicated that more attention and support efforts are urgently required, with special attention to the direction of the programmes for health promotion and prevention, improvement of the safety of lifestyle based on behavioural change.[62] Injuries among children are more frequent in ethnic Albanians; the most common place where injuries occur is in the street, while the most common mechanism of injury is falls. Injury prevention in children and adolescents should be comprehensively assessed with the application of evidence-based effective interventions.[63]

The generosity of the publicly financed system is not affordable and creates significant inefficiencies, ridden by corruption and balanced by expenditure cuts that are affecting the primary health care system, and the maintenance of facilities which are important for the poor. The quality of health care has also deteriorated, due to bad facilities, mostly outdated equipment, lack of materials with wages and salaries absorbing most of the health budget. There is no evidence for all of this, which is one of the problems. The new law on evidence in health should address this problem. Available data for hospitals are for 2007 and some for 2008.

The study focused on citizen's attitudes but also on their actual status and access in terms of labour market, social protection, education and health during the past 12 months, and shows that the prevailing majority is not satisfied with the health provision, access to health care and implies that the informal payments are the only means to getting quality health care services.[64]

The household expenditure survey 2008[65] shows that 68.5% of personal expenditures on health are spent on drugs and medical devices, 28.1% on outpatient services and 3.4% on hospital services. [66]

For the first time in the history of the Macedonian health care system, in 2009, all public health institutions started with zero debt, as a result of the central budget intervention covering losses of all hospitals, old debts and clearing the debts between the public health care institutions and the retailers.[67] The Government intervened one year ago to cover all debts of the health institutions with EUR 80 million and to enable the health managers to start without debt and to apply their managerial skills. Despite all this, the managers did not learn how to manage and the outcomes of the poor functioning in public health are: the same level of quality of services, unsatisfied patients and the accumulation of new debts of EUR 11 million.[68]

62 Tozija F., 2009.
63 Kasapiov B., 2009.
64 Gerovska M., 2009.
65 Statistical Yearbook 2008.
66 Lazarevik V. et al, 2009.
67 MOH 2009, retrieved from: http://www.moh.gov.mk/, accessed on 10 April 2009.
68 Nova Makedonija, 20 January 2010.

2.2.4 Critical assessment of reforms, discussions and research carried out

The evaluation of public health services, done by the MOH and WHO in 2008 within the South East Regional Project, demonstrates a mixed picture of strengths and weaknesses within the context of significant social, economic and political challenges in the FYR Macedonia. Among the many visible and significant, mostly historic, strengths in public health services in the country are a well developed network of public health institutes with well defined control systems, highly experienced and well educated public health professionals, as well as many positive examples of service delivery. But there are also many concerns and challenges, not the least of which is political focus, direction and support for modern public health services, as well as funding. Besides problematic financing of public health in the country, collaboration and partnership among sectors is weak and information and communication systems are inadequate and not sufficiently integrated. The public health research activities are also inadequate.[69] Having emphasised the main weak and challengeable points in the public health systems and services, the evaluation is also a first step to defining a way forward to ensure that the turmoil of 'transition' is only a prelude to the comprehensive modernisation of public health services.[70]

There has been some progress in the area of public health. Regarding the horizontal aspects, a new Law on Health Data defined the general principles for collecting and processing comprehensive health care data. A new public health programme for rare diseases was introduced. Still, the funding for the public health programmes remained the same as in 2008, except for the compulsory immunisation programme, which was increased fourfold. The implementation of public health programmes continues to be hampered by the lack of a proper operational structure and adequate financing, which results in some programmes being curtailed or suspended. The hospital sector still receives higher budgetary allocations than the public health and primary health care sectors.

The health insurance coverage is reportedly close to 100%, the indicators of physical access are impressive, and the basic benefit package is quite broad, covering practically all health services. Patients pay co-payments for services, drugs and supplies, with a number of exemptions stipulated in the Health Insurance Law or in respective government decrees. The development objective of the Conditional Cash Transfers Project is to strengthen the effectiveness and efficiency of Macedonia's social safety net through the introduction of a conditional cash transfers (CCT) programme for poor families with children in secondary education. It will also support identification, development and implementation of possible extensions to the CCT model, in health, labour and/or other levels of education, alleviating poverty and enhancing human capital in the long run. The project loan of USD25 million equivalent was not yet effective. The CCT model will provide opportunities for the actual implementation of streamlining and simplification measures in existing programmes and should be introduced only as a complementary to the already existing programmes and the social assistance scheme.

While health care reforms have been advanced, more remains to be done to ensure that the Government's health policy goals are met, including the emphasis on improving access, quality, efficiency, health outcomes, policy interventions to tackle the problem of social exclusion and health care, meeting the principles of solidarity, equity and proper efficiency in the health system and setting the system on a financially sustainable footing.

[69] Gjorgjev D., Sedgley M., 2009.
[70] Nikovska Gudeva D. et al., 2009.

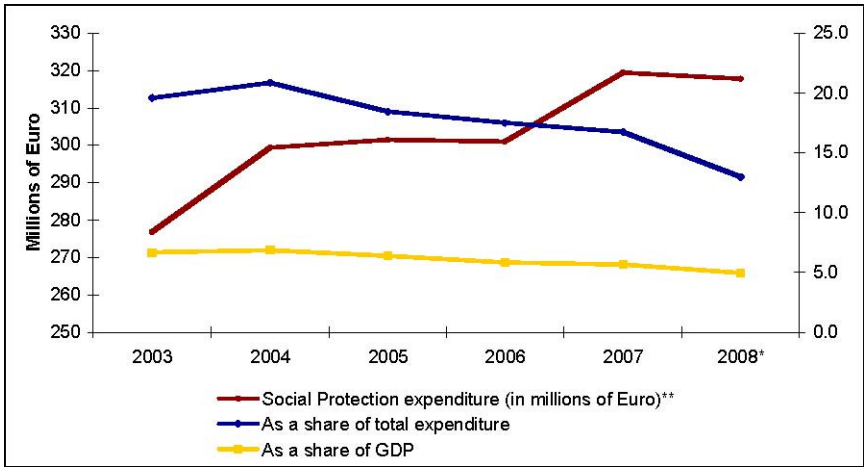
There are obvious continued needs to follow up within the policy areas, for which a base has been established under the health sector management project and development policy, ensuring that the investments currently being made in the health system realise their full return in terms of improved control and management of the sector, supporting the upgrade and recognition of the credentials of the health human resources, starting with general practitioners, in line with eventual EU integration and increasing the accountability and restructuring of the service delivery network, particularly in the area of inpatient care and by increasing innovation through private sector involvement in service delivery.[71] The issue of health must be put at the centre of policy making, as well as partnership between providers and consumers, with enhanced consumer accountability and participation in the policy making, free choices and patient rights protection.

2.3 Long-term care

2.3.1 Overview of system characteristics and reforms

The Government's social protection activities are performed under the budget of the Ministry of Labour and Social Policy (MLSP) in accordance with the Social Protection Programme for 2009.[72] The nominal budget for social protection as a whole has increased, but it has been decreasing over time both as a share of the total budget and as a share of GDP.

Figure 11: Trends in social protection expenditure, 2003-2008



Figures for 2003-2007 are for expenditure (budget execution). Figure for 2008 is budget allocation.
Source: Ministry of Finance data, authors' calculations, Pereznieto P. et al 2009.

The state (both central and local government) is responsible for providing social protection. State-provided social care services include: measures for institutional social care and protection; social care and protection within social institutions and social assistance.[73] There are several types of social assistance targeted at different users according to their needs:

Non-institutional social protection includes the right to individual help, including counselling and appropriate information services that empower people to make good decisions and

[71] Aide Memoire HSMP World Bank, 2009.
[72] MLSP, 2009.
[73] MLSP, 2010.

develop their social potential; home care and help specifically targeted at elderly people and people with physical disabilities; daily and temporary care, including counselling, educational and entertainment activities as well as feeding and hygiene maintenance. Non-institutional social protection is the responsibility of the Centres for Social Work (CSW) and the day centres.[74]

The budget allocation of 4.3% of the total budget for the social protection programme to the Centres for Social Work has been identified as insufficient for the Centres for Social Work to operate adequately, particularly given the multiple responsibilities under their charge. The 2008 budget allocation to CSW was 24% higher than expenditure on CSW in 2007.

Institutional care: Among other beneficiaries entitled to care and protection within state institutions are people with physical and mental disabilities who need permanent care; elderly people with physical disabilities; people with mental disabilities who are not able to take care of themselves; and those whose housing facilities do not allow the provision of home care.[75] The recent trend in social care has been to reduce institutional social care as much as possible and to give priority to home care.[76]

In the past few years, there has been a move towards the deinstitutionalisation of social care in accordance with the goals of the Strategy for Deinstitutionalisation of Social Care Services in the FYR Macedonia in 2007-2014 from 2007, as the most adequate mechanism for improving the quality of care for the elderly and disabled.[77] For this purpose, the MLSP has recognised CSW as key actors in the deinstitutionalisation process and as the main providers of social protection, for which they have been given multiple responsibilities, including the coordination of a range of organisational units.[78]

Some progress can be reported in the field of social protection: a law extending the coverage of health insurance was adopted in May 2009, a new Law on Social Protection was enacted in September 2009, a national strategy for development of social protection has also been prepared.

Traditionally, care of the elderly is provided by their families at home. There are cases, however, where the family is not able to provide such care (when permanent special medical treatment is needed), especially in certain periods of the day (during working hours) or year (during holidays). The needs for long-term care are addressed in different ways. The smaller part of those needs can be satisfied by means of health care services in the form of treatment at home or an extension of hospital days in specialised hospitals providing beds for elderly patients. Special homes for the elderly and other social institutions that offer institutionalised security for individuals cover most of the needs arising in long-term care. These homes do not fall under health care but under social assistance.[79]

So far a small number of homes for the elderly exist. There are four public care homes for the elderly with 567 beds (three in urban and one in rural areas) and one gerontology centre. There is no equal geographical coverage of the country with this kind of facilities (there are no public care homes for the elderly in eastern Macedonia). There are no categorisations of the services for the elderly persons that are accommodated in these public facilities and the services are equal for everybody. The number and the capacities of these facilities are not enough for the fulfilment of the existing needs of the ageing population. There are waiting

74 MLSP, 2010.
75 MLSP, 2009.
76 Pereznieto P. et al, 2009.
77 MLSP, 2007.
78 MLSP, 2008.
79 Gerovska Mitev et al., 2007.

lists for public care homes, especially among the poor elderly who can not pay for private homes.

This situation has influenced the opening of the private care homes for the elderly that are registered as trade companies.[80] Currently, only two private care homes (both in the capital Skopje with 25 beds), have been licensed by the Ministry of Labour and Social Policy, and one care home in Kavadarci is in the process of registering and licensing. Until 2006, the institutions for the elderly were under the scope of the Ministry of Labour and Social Policy, but with the decentralisation, three care homes were transferred in the scope of the local government. Financing of these services is provided from the central and local budgets, as well as from co-payments from the beneficiary or his relatives.[81]

A good half of the expenditure for long-term care social services is financed through public sources (national and local budgets) while the remaining almost-half is covered by private funds. Private funds, for the most part, comprise extra payments for food and lodging in homes for the elderly and other types of institutional care.

Long-term care is also provided in inpatient institutions, including 15 general hospitals (clinical hospitals Bitola & Tetovo and 13 other general hospitals located in cities throughout the country), 7 treatment and rehabilitation centres and 6 special hospitals (for treatment of pulmonary diseases and tuberculosis, mental disorders and other diseases), located in the capital and in other places. They are engaged in the provision of mostly long-term, single-specialty chronic disease care and rehabilitation; some of them are sanatoria in the essence of services provided. Tertiary university clinics and institutes in Skopje provide most acute, specialised hospital care and treatment. There are also private Surgical Hospitals Filip II, Remedika and Sistina.[82] There is a surplus of health personnel and non-medical staff, contributing to high fixed costs. Given the size of the country and the fact that the population in some regions has access to multiple general hospitals, there is scope for rationalising service delivery through a combination of planning and use of output-based payment mechanisms (case-based payments).[83]

There are also palliative care services provided in two specialised institutions for palliative care, two specialised day hospitals, two specialised ambulatory services, two specialised units for home palliative care, and two day hospitals within the university clinic hospitals (oncology, haematology, paediatric, geriatric, and centre for pain treatment). Home palliative care includes two units specialised for palliative care, which have started working in February 2005.[84]

Other than legislation mandating free care for the terminally ill, very little policy refers to palliative care. Pain relief and palliative care need to be given a prominent position in appropriate government plans. The development of enhanced funding and service delivery models will help to ensure that palliative care is delivered effectively wherever it is needed.[85]

[80] Friscic J. et al 2008.
[81] MLSP, 2009.
[82] IPH, 2009.
[83] World Bank, 2009.
[84] Gerovska Mitev et al., 2007.
[85] Sturley A., 2007.

2.3.2 Overview of debates/the political discourse

It is necessary to develop a clear and coherent decentralisation strategy that defines roles, functions and funding responsibilities, municipal cooperation and participation of local governments. This would facilitate the devolution of responsibilities to local self-government units, ensuring that the transfer of block grants corresponds with the effective delivery of services.[86]

It is also expected that the process of transformation and deinstitutionalisation of the health care system in Macedonia will enable dispersion of the palliative care on community level and enhance home palliative care throughout the country. Also, this process should support the conditions for the establishment of day hospitals and centres for palliative care.

The main causes of morbidity and mortality especially among elderly people are chronic non-communicable diseases, which require a shift in focus of public health professionals towards health promotion and health education for health problems such as cardiovascular disease, cancer, diabetes, obesity and for lifestyle issues. Improved health promotion and other public health interventions and programmes in the country, supported by the central and local community's budgets as well by some international agencies, could definitely improve the access to appropriate health care services to the people at risk, and especially in regard to the specific diseases prevention linked to a low economic status or insufficient access to health care services. In this regard, a few national strategic documents have been developed, such as the Health Strategy 2020, the Strategic Goal 5, which aims at providing better health and social life for people over 65, while the Strategy for Demographic Development with the specific Strategic Goal 3 aims at decreasing the differences between people in order to increase the social cohesion in the country and refers to the elderly with activities which create conditions for the improvement of the status, quality and life expectancy of the elderly. Moreover, the Strategy for Poverty Reduction and Social Inclusion in the FYR Macedonia is in preparation.

The state has not enacted a separate strategic document for elderly protection and support, nor is there an appropriate legal frame to regulate financing and stimulation of daily centres for senior citizens in municipalities and settlements, where the elderly population is a majority. Social assistance services for 7,600 senior persons are envisaged for 2010, among other services listed in the programme for social protection for 2010.[87]

There is a national programme for the treatment of people with mental disorders, based on the Law on Mental Health and Strategy for Mental Health Promotion in FYR Macedonia 2005-2012

2.3.3 Overview of impact assessment

Limited progress has been made on social inclusion. Devolution of social protection resources has remained low, only about 1% of budget in this sector has been devolved, corresponding mainly to resources for institutions for the elderly, which means that despite one of the aims of deinstitutionalisation being the promotion of local participation and decision-making, most expenditure decisions are still made centrally or through intermunicipal coordination. There was no comprehensive policy framework developed to precede or to inform the devolution of social protection resources and programmes. However, according to the Law of Local Self-Governments (LSG) a range of social protection functions were to be devolved to

[86] Pereznieto P. et al, 2009.
[87] MLSP, 2010.

municipalities entering phase two, but in reality the only two devolved functions have been child care facilities (ECD) and homes for the elderly.

Administrative capacity in the field of social inclusion has not improved. It is particularly inadequate in the municipalities that have taken on greater responsibility for social inclusion policies in the second phase of decentralisation. Social protection, employment, health care and rehabilitation, social services, housing and deinstitutionalisation are identified as priority issues for policy intervention. The policy formulation practice does not appear to follow a standard process across ministries, and due to the scarcity of robust, disaggregated social statistics, planning may proceed in the absence of solid data on the needs, locations and numbers of target beneficiaries or consultation with the intended target groups, or other ministries or units which may be involved in serving the same groups. Coordination between the institutions involved in implementing social inclusion policies remains inadequate. Participation by all stakeholders in developing long-term social inclusion policies is lacking.

In line with the Government's national strategy for deinstitutionalisation of social care, two small communal houses were opened, which together accommodate nine people with disabilities. Elderly people are facing specific problems regarding social protection based on the place of residence. There are also no daily centres for the elderly where they can spend the day in the institution with organised contents and programmes in their surrounding. Only one daily centre for the elderly exists in the country. The need for the establishment of this kind of centres in Skopje and in municipalities with a dominant elderly population is evident.

The majority of elderly people do not have sufficient funds for appropriate health care they need. Care is, then, provided in specialised hospitals providing beds for prolonged stays to elderly patients.[88] The current system also creates some shortages for the long-term health care services and homes for the elderly. Taking into account the size of the demand, there should be public private partnerships in the investment of such facilities and services, as well as appropriate conversion of the surplus of the beds in hospitals to accommodate specific long-term services. The situation is still very bad, especially in the mental health facilities, where, amongst others, there is a problem of proper responsibility coordination between the health and social policy sector.

Persons over 65 years of age are entitled to free primary health care. Yet, they face many problems when trying to execute their right for medical care, they have to participate financially (up to 20%) for the services they receive in secondary and tertiary health care centres, as well as buy medicaments not present on the Health Insurance Fund positive list. The absence of care services, the absence of a patronage nursing system for elderly people and insufficient sensitivity for their needs by local communities deteriorates the health, financial and social condition of the elderly. Home medical care in rural areas is not well organised, with additional cost for the doctor's trip to the old person's home, since these health centres do not have vehicles.

Care for people with psychiatric illnesses is mainly provided in publicly-owned psychiatric departments with a total number of 1,109 hospital beds in the three specialised hospitals.[89] There are also uninsured people among these patients. Even though there are improvements in the existing facilities, the situation is still very bad. The ongoing intensive process of implementation of the National Mental Health Strategy[90] offers the possibility for improvement of the situation and decentralisation of mental health care through establishing mental health centres in the community. The Ministry of Health, supported by the WHO

88 Sturley A., 2007.
89 IPH, 2009.
90 Ministry of Health, 2005.

Mental Health Programme, had introduced community mental health centres distributed in various parts of the country (currently there are 8 centres). The main aim was the re-socialisation of mentally ill patients, as well as their re-integration into society, instead of long-term inefficient treatment in hospitals. In addition to opening new facilities, the present units of the psychiatry hospitals located outside of the hospitals have been used for this purpose. The organisation of the service provided in these community centres is through day hospitals, shelter homes as temporary homes, social clubs and mobile teams for home treatment.

2.3.4 Critical assessment of reforms, discussions and research carried out

No clear distinction is made between health care services (which are supposed to be covered by compulsory health insurance) and other services for long-term care (which do not form part of the benefits to be provided by health insurance). This, in turn, exacerbates the gap between institutional long-term care capacities and the numbers of those who need this kind of care. The coordination of long-term care services with other health care services, in particular rehabilitation programmes, is very poor.

Another problem concerning long-term care is the lack of capacities in institutional care due to the insufficient development of home care. Community nurses and personal doctors perform home care. This is partially done by special institutes and other non-health care services. These services do not coordinate their work in organisational, professional and financial terms. There are differences regarding quality, rights and access to long-term care services between individuals who require institutional care and those who receive care at home. The Law on Patient Rights and a patient-centred approach should increase patients' free choice and increase awareness about long-term advantages good quality of care may bring. The free choice is related to increased costs of care especially in private institutions.[91]

Effective health and preventive care services are of particular importance when the economy and the income declines and unemployment rises, but there is a significant risk that investment in health and long-term care will suffer.[92] In those municipalities that have under-resourced health sectors, the local health care and long-term care infrastructure is expected to deteriorate.

The Government has reaffirmed its commitment to ensure universal access to high quality and affordable long-term care. Nonetheless, a sustainable mix of financing is yet to be found in many countries, hence the share of private sources of finance is relatively high. These can be private health insurance coverage (often supplementary or for high income groups) or private household payments (either co-payments for publicly provided care, and/or out-of-pocket payments, for which very little or no reimbursement is offered).

Mental health institutions continue to lack staff and financial resources. Institutional care for socially vulnerable and disabled people improved slightly, but still more resources are required to improve community mental health care as an alternative to institutional care. As assessed by the EU Commission in 2009, there are some initial activities with special focus on children and young people with mental health problems, who require health care tailored to their needs.

However, administrative capacity is still insufficient to develop a sustainable and equitable social protection system. Socially vulnerable people and people with disabilities are given

[91] MOH, 2008.
[92] European Commission, 2009.

special attention with the priority goals set in the 2008/2018 national strategy to de-institutionalise the system of social care. The deinstitutionalisation process is slowly being enforced and financial resources are being provided, but remain inadequate. Only about 1% of budget in this sector has been devolved, corresponding mainly to resources for institutions for the elderly. The provision of services via non-institutional forms of social care, such as day-care centres, small communal houses and support for families accepting people with disabilities, has been initiated.

The first partnerships in social care provision between the national and local authorities, civil society and the private sector were set up. There is a lack of health staff for treatment of patients in community health institutions and the facilities are in very bad condition. The allegations of ill-treatment of patients in the Demir Kapija psychiatric hospital reported in 2008 were not followed up. Municipalities have insufficient administrative capacity to fulfil the social policy responsibilities that were transferred to them as part of the second phase of decentralisation. In general, the social integration of people with disabilities has not improved; their access to education, employment and public services remains limited. Overall, long-term social inclusion policies for the socially vulnerable, including people with disabilities, have not been initiated and participation by relevant stakeholders is lacking.

An enhanced transparency with regard to health care and long-term care expenditure remains to be tackled.

3 Impact of the Financial and Economic Crisis

3.1 Pensions

3.1.1 Impact on pension system

The financial crisis has quickly turned into an economic crisis with major implications for all public programmes, including the pension system. The key lesson from the crisis is that no pension system, however structured, has been immune to the global financial and economic crisis.

At the beginning of the report, the structure of the Macedonian pension system was described as a multi-pillar system with a balanced mix of pension pillars: public and private; pay-as-you-go and funded; collective and individual. The financial crisis affects each component of the system differently, and while magnitude and timing may be different, each component is adversely affected. In 2009, as stated in the previous chapters, the gradual reduction of the contribution rate started, which for that year was 19%, instead of the previous 21.2% and affected the revenue side. Due to the impact of the economic crisis, the unemployment rate in 2009 remained very high at 32.2% (compared to 2008 it had decreased for 3.7%),[93] which continued to decreased the revenues from paid contributions. Due to the higher indexation, the system suffered a significant increase of expenditures for pension benefits. This was a consequence of the 2008 (election year) extraordinary government decision to have higher pension indexation of 21.66%, instead of the legally prescribed one (9.78%).This situation with a sizable loss in revenues, coupled with an increase in expenditures, opened up a gap in the pension financing and was not sufficient for the payment of pension benefits from the PAYG component.

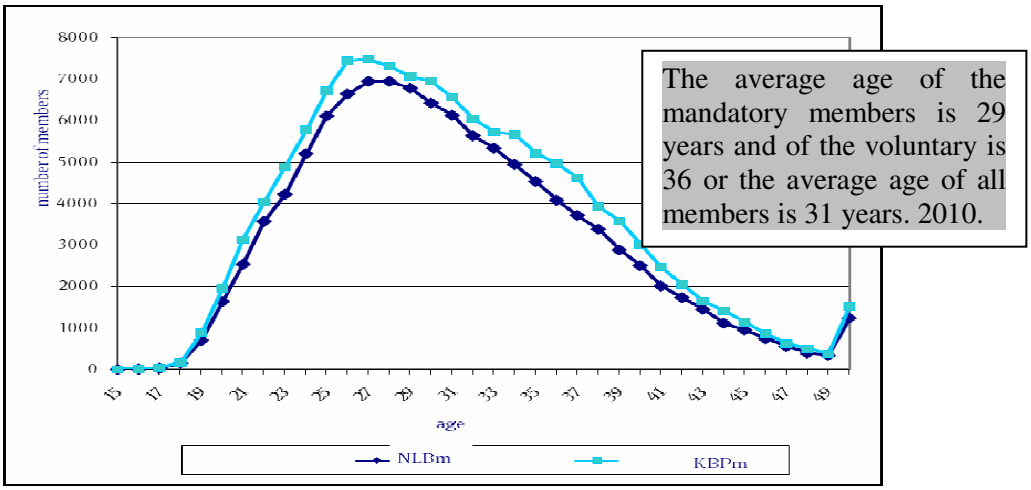
[93] State Statistical Office, statistical data retrieved from: http://www.stat.gov.mk/.

For the funded pension systems, the crisis potentially affects benefits due to decreasing asset value of the financial instruments in which pension funds are invested. Fortunately, in Macedonia, the scheme is relatively new, with very young participants and often exempt older workers, so no retirements are expected soon. This means that for the young people there is enough time (30-40 years of working life) to provide for a reasonable gain and compensate the loss, since the value of accumulated assets will improve in the following years, as the crisis ends.

For such a structural reform in the pension system, one can not say that the Macedonian pension system was drastically affected by the financial crisis. Therefore, it can be expected that the system will reach financial stabilisation and, in the end, achieve adequacy of pensions for its beneficiaries.

Figure 12 below supports the above-mentioned with data on the membership age structure of the mandatory funded pension system, which shows that the members are relatively young.

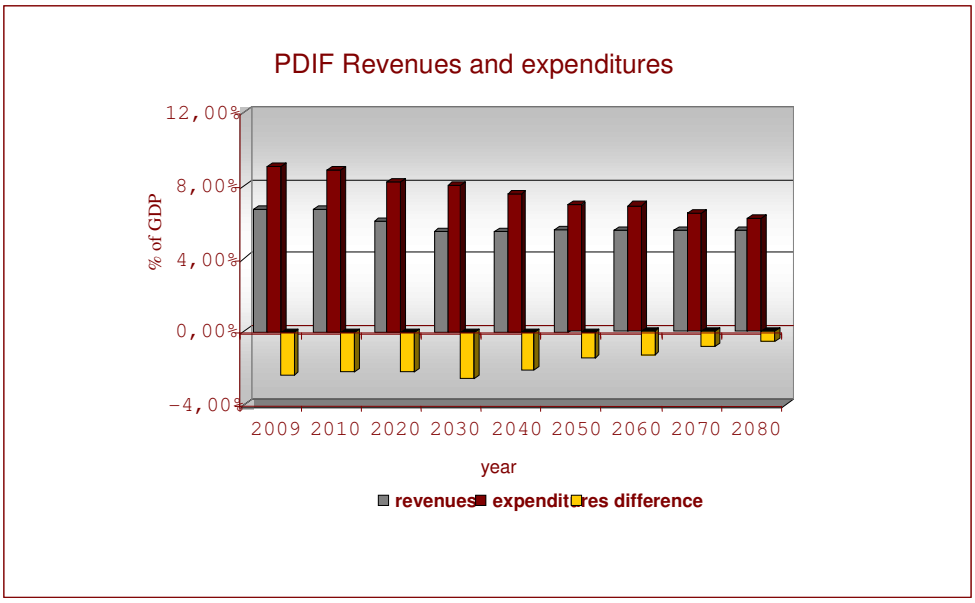
Figure 12:[94] Age Structure of the Mandatory Pension Fund Membership



Besides the short-term implications, it is necessary to predict how the Macedonian pension system will look like in the long term. This can be seen in Figure 13 below, which gives the projections of the development of future revenues and expenditures of the pension system, which are based on the demographic and economic assumptions made for the next 80 years, like mortality rate, fertility rate, labour force, unemployment, average wages / contributions, pension, inflation, etc.

[94] Agency for Supervision of Fully-funded Pension Insurance – MAPAS, Statistical Report No. 16, 31 December 2009, retrieved from: http://www.mapas.gov.mk.

Figure 13:[95] Projections of the development of revenues and expenditure



According to this figure, one can asses the future development of revenues and expenditures of the reformed pension system, which shows that the system is operating with deficit, which will slowly decrease in the long term. By 2030, the participation of the labour force in the second pillar will increase, providing for a significant outflow of contributions and increased deficit. However, after this period the deficit will start to decline due to the maturity of the reformed mandatory two-pillar pension system.

3.1.2 Responses to the crisis and exit strategies

In 2008, 2009 and the start of 2010, the relevant institutions intervened with several measures as a response to the implications of the crisis and the condition of the Macedonian pension system. In order to improve contribution collection, the authorities, by means of legal interventions, empowered the Public Revenue Office (which is a novelty in the FYR Macedonia) to collect social contributions besides taxes. They have also increased the penalties for non-payment of contributions for the previous month by the 15th of the current month. In order to rationalise the operational and administrative costs of the funded pillar, an important step by the Government is taken in the recovery package, by deciding to decrease the fees of the state institutions, as well as of the pension companies. This was accentuated by the last intervention, at the end of 2009, which represents a more than 30% reduction compared to the previous year. In order to protect the interests of the pension funds' members, the Government continued the policy of cost rationalisation by submitting an amendment to the Law on Mandatory Fully-funded Pension Insurance to the parliament in March 2010 (adopted in April 2010). With these steps, the costs will additionally be reduced by more than 30%, starting from 2012, and the achievement of a long-term effect is expected in providing adequacy of the pension benefits, as well as financial sustainability of the pension system.

[95] Actuarial Report on the pension system in RM-July 2009, retrieved from: http://www.piom.com.mk/.

The social security of the citizens in the FYR Macedonia is guaranteed by the ultimate legal act – the Constitution. Therefore, several years ago the category of minimum pension benefit was included in the pension regulation, by which the state is obligated to pay this type of benefit under certain conditions. With the implementation of the funded component, besides the statutory pension, when calculating the minimum pension benefit, the amounts from the first and the second pillar are taken into consideration. In case these assets are lower than the minimum guaranteed amount of pension benefit, the insured receives the guaranteed minimum pension benefit paid from the state pension fund. This type of social protection of pensioners who had less than the required contributory years or had much lower wages/incomes during their working life, and especially when pension systems are affected by economic and financial crises, has great significance in terms of protecting their interests in old age.

The exact data on the FYR Macedonia shows that in 2009 there were 273,076 pensioners, out of which 79,270 receive the minimum pension, representing 28.9% of the total number of pensioners.[96] The value of the consumers' basket for the same period is 12,280 denars, and the amount of the average minimum pension is 6,746 denars, which means that the relation of the minimum pension amount in relation to the poverty threshold is only 56%. Therefore, if the adequacy of the pensions is measured to the amount of the poverty threshold, the minimum amount of pension is low and can satisfy only about half of the consumers' basket value. Compared to the ratio of the average wage amount in relation to the poverty threshold which is 59.2% (amount of the average wage is 20.483 denars), which means that 40.8% of the wage remains for covering other needs.[97]

The structural reform of the pension system in the last decade has resulted in a combined pension system. This should make it more resistant to economic crises and demographic trends, since it is structured to diversify risks and, as a result, overcome and balance all future risks. At the same time, the existence of the multi-pillar pension system will contribute to a long-term decrease of obligations of the public component in the expense of the funded pillar, which will reach its maturity in 30 to 40 years. As the system's participants are young people, there is sufficient time to make up for the lost value of the accumulated assets in their individual accounts. In this context, the initial conservative policy was very beneficial to the creation of the structure of the pension funds' investment portfolios.

In 2009, due to the changes in the stock exchange indices, Macedonian asset managers decided to lower the exposure to shares and invested most of the pension funds' assets in government securities (57.11%), bank deposits (35.08%), shares (4.79%), corporate bonds (0.34%), foreign securities (1.14% in shares and 0.33% in participation units in foreign investment funds).[98] The development of the returns in the last four years of existence of the funded component can be seen in the following table, showing the returns of the two mandatory pension funds from the period starting with the implementation in 2006 until the end of 2009.

[96] Pension and Disability Insurance Fund: Financial Report for the Management Board, on year 2009, published February 2010 (retrieved from: http://www.piom.com.mk/) and partly own calculations.

[97] State Statistical Office, statistical data retrieved from: http://www.stat.gov.mk/.

[98] Agency for Supervision of Fully-funded Pension System, Report on the Developments of the Fully-funded Pension System in 2009, published in March 2010, retrieved from: http://www.mapas.gov.mk/.

Table 3: [99] Mandatory Pension Fund Return on annual level by period

Period	NLBm	KB Prv
01.01.2006 - 31.12.2006	5.93%	6.27%
01.01.2006 - 31.12.2007	7.48%	7.38%
01.01.2006 - 31.12.2008	0.05%	2.32%
31.03.2006 - 31.03.2009	-0.05%	2.16%
30.06.2006 - 30.06.2009	0.59%	2.70%
30.09.2006 - 30.09.2009	2.81%	2.90%
31.12.2006 - 31.12.2009	3.33%	4.32%

Table 4: [100] Average yearly rates of return of the mandatory pension funds and inflation rate 2006-2009

Rate of return	2006(%)	2007(%)	2008(%)	2009(%)
Nominal rate of return	6.10	7.43	1.18	3.83
Inflation rate	2.90	6.10	4.10	-1.60
Real rate of return	3.11	1.25	-2.80	5.52

This table shows that both mandatory pension funds reached their highest returns in 2007. However, in 2008 and the beginning of 2009, the returns dropped because of the crisis in the domestic and foreign markets. However, a slight increase can be noticed in the third quarter of 2009 and at the end of the year, when Macedonian pension funds realised a return for the previous three years of approximately 3.9% p.a. The approach taken with the investment policy and practice of conservative investments in safe instruments is typical for many countries in the world, at the beginning of their systems' implementation. For example, in the case of the countries of Central and Eastern Europe, like Poland, Croatia, Bulgaria, Hungary and Romania, in the first years of their system's operation, their pension funds' portfolios consisted mostly of bonds and other government securities, deposits, etc, while the exposure to shares, corporate bonds and investment funds was very low and prudent.

3.1.3 Conclusions

Since there is no magical and unique solution to handle the crisis, the world is seeking possible solutions, different from country to country, to mitigate the risks and to restrain or exit the crisis. The impact of the financial crisis is a subject that many international and financial organisations have elaborated on and dealt with, such as OECD, IOPS, World Bank, and, especially, the European Commission. Regardless of the different practices, several measures may be summarised in counteracting the effects of the financial crisis given in the table below. This table also indicates which of the measures have been implemented in the FYR Macedonia:

[99] Agency for Supervision of Fully-funded Pension Insurance – MAPAS, Statistical Report No. 16, 31 December 2009, retrieved from: http://www.mapas.gov.mk/.

[100] Agency for Supervision of Fully funded Pension Insurance – MAPAS, the data about returns and net assets value, retrieved from: http://www.mapas.gov.mk/; Central Bank of Macedonia, economy indicators retrieved from http://www.nbrm.gov.mk/ and partly own calculations.

Table 5: Overview of the measures to tackle the crisis and their implementation

Possible measures for handling the crisis	Measures implemented in the FYR Macedonia	Comment
Increase of the retirement age with the intention to equalise the age for men and women and with a longer participation in the labour market, to achieve adequacy of pension benefits.	In R.M. the retirement age is different for men and women. Women retire at 62 and men at 64 years of age.	There is no discussion yet on the increase of the retirement age, but for the future financial stability of the pension system, policy makers should pay attention to the analysis of the effects and the reactions of the public, in case of such an intervention.
Diversification of economic, financial and demographic risks in the pension system between DB and DC components of the pension system as a whole.	The Macedonian pension system is a multi-pillar system with a balanced mix of pension pillars (DB and DC). The system is young and will reach its full maturity in the next 30-40 years.	In the last decade, R.M. made a structural reform, and in 2006, besides the public pillar, implemented a funded component, for a combined pension system. Thus, it diversified the risks. This facilitates the coping with economic and demographic crises.
Improving the contribution collection efficiency. In connection with this, it is necessary to increase the contribution rate of the funded pillars.	From 2009, the PRO is the collector of social contributions, implementing high penalties for delayed payments. In order to facilitate the economy and to attract foreign investments, in R.M. the social contributions gradually decreases in the period 2008-2011. This measure results in a decrease of contributions / assets in the funded pillar.	It is expected that the improved efficiency of contribution collection will increase the revenues of the pension system. The decrease of contributions will lead to a loss in asset value in individual accounts in the funded pillar, it is, therefore, necessary to intervene, in order to compensate for such an impact.
Including the category of minimum pension guarantee by the state in pension insurance regulations.	Years ago, R.M implemented the category of minimum pension, by which the state is obligated to pay a minimum pension under given conditions.	Especially when pension systems are affected by economic and financial crises, this type of pension has a great influence, in terms of protection of members, by payment of guaranteed pension at old age.
Setting up disclosure and communication channels and improving financial education: -In order to clarify the long-term nature of pension assets, it is necessary to rebuild confidence and to	R.M. has a strong regulatory body, whose objective is to protect the interests of the contributors and to strengthen the public awareness of the characteristics of the funded pillars, with provided	The improvement of the public's financial education should be continuous by means of national campaigns.

help beneficiaries improve their understanding of investments, risk and return -better disclosure of performance and cost	mechanisms for transparent disclosure of performance and costs.	

3.2 Health and long-term care

3.2.1 Macroeconomic trends and financial crisis

As presented in the general part of the budget for the year 2009, the Government was very optimistic and projected that the high rate of economic growth would continue and real gross domestic product would be 5.5% in 2009.[101] GDP growth was expected to translate into a stable and low general level of prices, while the inflation rate, measured as an average rate, was not expected to surpass 3.5%.

The financial crisis in the region, however, hit the Macedonian economy hard and resulted in a decrease of GDP of -0.9% in the first half and -1.4% in the second half of 2009. The average cost of living index for the first 9 months of 2009 was -0.4%, which means economy deflation.[102] GDP decreased by 1.8% in the third quarter of 2009, which is similar to the government projection of 1.5%. Bigger discrepancy was expected for the last quarter of 1% instead of the Government's projected 0.6%. The financial crisis is expected to culminate in January and many workers to be fired in the first six months of 2010, which will ease the burden for the budget, to cover the pensions and social reimbursement.[103]

The macroeconomic policy of the Government and the projections for 2010 are as follows: gross investments after the severe decrease in 2009 to be increased by 8% with positive contribution to GDP growth of 2.1%, positive growth with a rate of 2.2%, inflation rate of 2%, unemployment rate to be decreased to 30.8%, nominal growth of net salary of 2.2% and of gross salary of 0.5%.[104]

Throughout the recovery period, the unemployment rate in Macedonia was very high, over 35%. The labour force in the FYR Macedonia numbered 928,775 persons for the whole year 2009, out of which 32.2% were unemployed (while the unemployment rate for the fourth quarter was higher at 32.4%). Compared to 2008, the number of unemployed persons in 2009 decreased by 3.7%, while the number of employed increased by 3.4%.[105]

3.2.2 Financial crisis and its impact

The global financial crisis that threatens the world may hit the country with even deeper unemployment and poverty. This may result in more people becoming dependent on state-provided social assistance. Poverty has remained high and is likely to increase due to the impact of the financial crisis. It has become entrenched among roughly 30% of the population, with a similar proportion of the population just above, but still very close to the poverty line, and the poverty gap has deepened. The disparities in poverty rates are found among groups defined by ethnicity, gender, age and educational attainment. There is no

101 MOF, 2009.
102 Budget Government, 2009.
103 Vreme, 26-27 December 2009.
104 Government of Macedonia, 2009.
105 State Statistical Office, retrieved from: http://www.stat.gov.mk/pdf/2010/2.1.10.07.pdf, accessed on 31 March 2010.

substantial change in poverty profile, indicating that multimember households, households with no employed members, and households whose members have a low level of education, and households with children are at the highest risk of poverty and the impact of the financial crisis.[106] Some categories of workers, who are on the front line of the crisis, are likely to be most affected by the economic downturn, including the young, the low-skilled, employees holding temporary contracts, mobile workers, migrants, ethnic minorities and the elderly.

Younger workers (15-24) experience unemployment rates 1.5 times higher than the national average, currently 54.6%. Women have a far lower labour force participation rate at 28.4%, compared to 44.1% in men. As a result of youth unemployment and financial crisis, Macedonia continues to experience the emigration of skilled and highly educated workers.[107] Employment opportunities are geographically concentrated in urban areas, with an additional burden for some vulnerable groups, including Roma, members of other ethnic minorities, people with disabilities, the long-term unemployed, people with little education, residents of small rural communities, and women of all ages.[108]

In Macedonia, the global economic crisis had its most severe impact in the sectors mining, quarrying and manufacturing, and within the latter, particularly in the manufacture of basic metals, production of parts for the automobile industry, electrical industry and manufacture of textiles. With the decrease of the level of industrial production, starting from October 2008, the employers decided to apply different measures for cost reduction among which: redundancies, "forced vacation" (or stand-by), decrease of negotiated pay, supplements and compensations, etc. Those measures couldn't really contribute to the desired cost reduction, due to the relatively low rate of labour costs in the total cost structure, but they contributed to worsening the economic and social position of the workers, i.e. reduction of jobs in the mentioned industrial sectors/branches in the last 10 months; social, public and economic consequences from the reduction of number of employees in this part of the real sector; level of earnings of the workers in the same period.[109]

Apart from the manufacturing industry and construction that are most hit by enterprise bankruptcies and restructuring, other sectors appear vulnerable in Macedonia. After a period of low inflation, the inflation rate has started rising as a consequence of external commodity price shocks. The impact of the global financial crisis and economic downturn reduced prospects for exports, FDI and private transfers in 2009. This will affect government revenues and might result in pressures to reduce spending on social protection. At the same time, due to falling household incomes from employment and reduced remittances, the demand for social assistance benefits is likely to grow.[110]

The current economic crisis created a number of changes in the processes of working and leaving. Beside the legal economic transaction and businesses, new forms of dynamic activities which belong to the informal economy were increased, especially among the social categories of citizens which are unemployed or in condition of risks, or belong to the groups for which the society has a duty of care.[111] The financial situation in the country directly affected the socio-economic status of the population, i.e. the consumer power is reduced, especially when it comes to the "basket" of food that should meet the recommended standards of the daily nutritional needs of the body.[112]

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106 World Bank, 2009.
107 Mojsoska-Blazevski N., Najdov, E., 2008.
108 Bartlett W., 2009.
109 Ancheva M., 2009.
110 World Bank, 2009.
111 Pejkovski J., 2009.
112 Biban Z., 2009.

The study focuses on citizen's attitudes but also on their actual status and access in respect of labour market, social protection, education and health during the past 12 months. The results show that labour market participation, which was already very low before the crisis, decreased even more in the last 12 months, in fact, 19% of the respondents lost their job in 2009. The perceptions of citizens on social protection (social assistance and pensions) show that 70% of all respondents expect that it will be negatively influenced by the crisis. The prevailing majority are not satisfied with the health provision and access to health care and imply that informal payments are the only means to receiving quality health care services.[113] The study focused on the last 12 months of the period of survey, while universal coverage was introduced in july 2009 with a slow implementation,

In times of crisis, health outcomes and the risk of health-related financial hardship are affected by changes in the resources available for health systems, by changes in living conditions, lifestyles and consumer behaviour, and by changes in social norms and values. The current economic crisis has already affected or threatened both the standards of living and the revenue base for health and social protection schemes. The crisis may generate an increase of the already high out-of pocket-expenditures for the patients, widening social inequities in the access to health care services.

The long-term impacts of the crisis on social security schemes are currently hard to predict. Increased spending in some areas will be counter-balanced by cuts in others or overall social spending will be cut across the board. This could substantially impact the health care system. Insufficient public investment in health, education and social protection is strongly divided between rural and urban areas, in terms of access to basic services.

Some vulnerable groups such as Roma, homeless people and beneficiaries of the social assistance programmes are most exposed and likely to be affected by the lack of resources of the health care system and widespread poverty in the country.[114]

The three poorest quintiles have a 1.5 times higher probability of dying before the age of five compared to the national average. In rural areas the under-five mortality rate is almost 2.6 times higher than in urban areas.[115]

The nutrition status is an indicator of the children's health condition, the households' socio-economic status and to a lesser degree the access to primary health care. Malnutrition is not a serious problem among children in Macedonia, but 2% of all children under five are moderately underweight and 0.5% are seriously underweight.

3.2.3 Health care policy, financing and financial crisis

The financing mechanisms of the health care system also have an impact on the social inequities in health care, particularly among the vulnerable groups. In Macedonia, the health system is financed by compulsory social contributions, facing serious challenges due to the high official unemployment rate, resulting in a permanent lack of resources. This directly impacts on the access of patients to health care. In order to reduce the burden of contributions in the formal economy and to reduce the unemployment rate, the Government has proposed an ambitious plan to decrease all social contributions, including those for health, from 9.2%, to 7.5% in 2009, and to 6% by 2011.[116] The Government expects that these reforms will result

[113] Gerovska M., 2009.
[114] Tozija F., Gjorgjev D., 2009.
[115] Gancheva, Y. et al., 2008.
[116] Official Gazette No 142. 2008, MOF, 2009.

in further improvement in the social area, with a further increase of salaries, a further decrease of the unemployment rate to 32% and an increase of employment by 4%.[117]

However, there are big concerns that the plan will have a negative financial impact on the health system, based on the fiscal parameters. It is expected that the reduction of the contribution rate, a prior action of the Development Policy Loan (DPL) 1, in connection with the current economic crisis will lead to a considerable reduction in revenues levied from employees' salaries and wages during 2010. There is concern that, if these shortfalls in revenues are not met by increased revenues from other sources or a reduction in expenditures, HIF could face a substantial deficit in 2010. The annual budget calculations for the health sector rarely make the connection between available financial resources and basic benefit package (BBP). The introduction of a financially sustainable benefits package by June 2010 is one of the proposed core policy actions for DPL2. Apart from defining the BBP, the MOH might have to consider additional policy measures to ensure the financial sustainability of HIF.[118]

The recently introduced universal coverage for all of the population (2009) is a policy intervention to cushion the impact of the crisis, increasing the access to basic health services and facilitate free health insurance. It could also mean a burden, since the number of people covered under HIF could increase significantly without any adequate increase in resources. So, despite the already high level of informal employment, this can have potential negative impacts on formal employment, contribution and tax revenues.[119]

3.2.4 Policy Intervention

The crisis has prompted quick national policy responses to tackle the direct social impact of the crisis, building upon the long-term objectives of the Open Method of Coordination, through packages of short-term measures addressing the negative impact of the economic crisis on employment and social cohesion to be consistent with structural reforms. Macedonia, as most EU Member States, has undertaken measures to preserve employment, support activation and promote re-integration in the labour market, and anticipate and manage the impact of restructuring, and has adopted an economic policy strategy to improve the business climate by limiting liquidity to maintain a low inflation rate, lowering tax rates, and increasing labour flexibility.

The Government has launched four packages of short-term measures as a reaction to the financial and economic crisis in the country. The measures of the first package in November 2008 were allocated with a budget of EUR 330 million, directed to the enterprises to improve their liquidity and address other problems. The second package was adopted as an 8-year programme for the realisation of infrastructure projects with a budget of EUR 8 billion (transport, housing, environment, energy, sport and other capital projects), which in the short term will improve the economic growth during the crisis, supporting the civil engineering and other sectors, while in the long term it will improve the competitiveness of the Macedonian economy. The third package of 70 measures in three segments was launched on 21 April 2009 and comprises:

(i) budget rebalance with revision of the macroeconomic projections, i.e. GDP increase of 1%, inflation rate of 1% and projected level of budget deficit of 2.8%

[117] MOF, 2009.
[118] Aide memoire, World Bank, 2009.
[119] Aide memoire, World Bank, 2009.

of GDP for 2009. The total budget was decreased by 9%, expenditures were reduced by EUR 173 million;

(ii) credit support to the enterprises with an EIB credit line of EUR 100 million for long-term investment loans, short-term loans, subsidies on interest rates for enterprises;

(iii) other measures to support enterprises. As a special social measure the Government has allocated funds for the engagement of 5,000 unemployed persons in public works for a period of 6 months though the Agency for Employment.[120]

The fourth package of anti-crisis measures the Government of Macedonia announced on 7 March 2010 comprises the following:

- change of the conditions for the use of credit lines, limited interest of 6% for the first year and maximum of 7.5% for the second year,
- amendments to the law on value added tax,
- amendments to the law on housing,
- programme for financial assistance for agriculture for 2010, etc.[121]

The ultimate objective of the First Programmatic Development Policy Loan Programme for Macedonia (USD 30 million) was to support the Government to emerge from the crisis on a stronger footing and to resume sustained high growth and convergence in living standards with the rest of Europe and to manage the impact of the global crisis by maintaining a sound macroeconomic and fiscal framework; to cushion the impact on the poor and vulnerable by enhancing social protection systems; and to strengthen the resilience of the financial sector by addressing potential vulnerabilities.[122]

3.2.5 Impact assessment of policy responses

The ongoing international economic crisis has brought to a halt the acceleration of economic activity of the last few years in Macedonia. Following growth rates of close to 6% in 2007 and the first three quarters of 2008, economic activity has slowed down considerably since. Industrial production has been declining, business confidence has reached low levels, financing conditions have become tighter and labour market performance has deteriorated. Exports have dropped sharply. Negative effects have also spilled over into the fiscal accounts, and tax revenues in particular have disappointed relative to expectations, although two budget revisions in May and October 2009 have introduced sharp expenditure cuts, and hence the fiscal deficit is still forecast to be a manageable 2.8% of GDP. The Government has proactively managed the crisis to create grounds for a sustainable and robust recovery. Anti-crisis measures were announced in late 2008 and early 2009. Following an initial fiscal stimulus, the two supplementary budgets adopted in 2009 have not only helped to contain public spending but also to improve its allocation. Non-priority expenditures were eliminated, while funds for the social safety nets were protected. In addition, a comprehensive payroll reform has been introduced to boost competitiveness of the economy. Significant improvements to the business environment were undertaken and measures to strengthen the resilience of the financial sector are underway.[123] Macedonia was assessed as a global top 3

[120] Retrieved from: http://www.vlada.mk/, accessed on 20 March 2010.
[121] Retrieved from: http://www.vlada.mk/?q=node/5118.
[122] World Bank FYR Macedonia: First Programmatic Development Policy Loan, 2010.
[123] World Bank FYR Macedonia: First Programmatic Development Policy Loan, 2010.

reformer, moving up from 69 to 32 on ease of doing business, making significant strides in seven out of ten reform areas.[124]

Overall, however, the measures taken are insufficient to address the needs of the most disadvantaged groups (these include the working poor, the rural poor, low-educated, jobless households, women from vulnerable groups living in rural areas, the Roma, big families, people with disabilities, children living in homes).

As part of the short-term measures to react to the crisis, it is important to closely monitor the social impacts of the crisis. The usual common indicators are not sufficiently reactive in a context of rapid change, and it is recommend to use a varied range of data which include employment and unemployment rates, participation rate of older workers in the labour market, GDP growth, inflation rate, growth in wages, pensions, social benefits, number and rate of recipients of social assistance, number and rate of households in situation of over-indebtedness, consumer confidence indicator.

The longer-term impact of the crisis on health and social security in general, as in many countries, is currently still hard to predict. However, if the crisis deepens and continues for several years, systems will be affected, as a weakened labour market will imply lower tax and social contribution revenues and as government debt will increase, as a result of lower growth and bank bailouts. The country needs to revise the design and implementation of the existing social assistance programmes and to set up a regular system of monitoring their impact.

[124] Doing Business 2010, World Bank Group. 2009.

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4 Abstracts of Relevant Publications on Social Protection

[R] Pensions

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

[H] Health

- [H1] Health expenditures: financing, macroeconomic impact, forecasting, etc.
- [H2] Public health policies, anti-addiction measures, prevention, etc.
- [H3] Health inequalities and access to health care: public insurance coverage, spatial 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] Handicap

[L] Long-term care

[R1; R2; R5] AGENCY FOR SUPERVISION OF FULLY-FUNDED PENSION SYSTEM (MAPAS), Извештај за состојбите во капитално финансирано пензиско осигурување во 2009 година, March 2010, Skopje, retrieved from http://www.mapas.gov.mk/

"Report on the Developments of the Fully-funded Pension System in 2009"

This Report of the MAPAS is prepared on an annual basis (2009) with clarifications about the features of the fully-funded pension component and relevant data in terms of the developments in that area. The contents of the report encompass analysis and presentation of the structure of the members in funded pillars by age, sex and working years, the investment portfolio structure by financial instruments, currencies, sectors, the investment performance, return, operational cost and comparison with other countries. The report also includes a separate chapter on where the pension funds stand in time of financial crisis, with a brief overview of the global trends in the pension system, especially in funded pillars. Finally, the report informs about the plans for future MAPAS activities to protect the interest of the members in the fully-funded pension system.

[R1; R2; R5] AGENCY FOR SUPERVISION OF FULLY-FUNDED PENSION SYSTEM, Статистички извештај бр. 16, декември 2009 година за состојбите во капитално финансирано пензиско осигурување, January 2010, Skopje, retrieved from: http://www.mapas.gov.mk/

"Statistical report No. 16 on the Developments of the Fully-funded Pension System in 2009"

Unlike the annual report, this statistical report refers to the last quarter of 2009, preceded by the reports for the first and the second quarter, all prepared by MAPAS. This report is full of statistical information and consists of reduced analysis compared to the annual report, but its intention is to follow the most important parameters regarding the developments in fully-funded schemes in more frequent periods. Therefore, this report informs in detail about the membership, with focus on the total number and paid contributions by each fund in mandatory and voluntary funded pillars. Furthermore, the statistical report includes data on the investment performance, the value of the accounting units and various graphs, tables and pictures on the relevant developments.

[R1; R2; R3, R5] MACEDONIAN PENSION AND DISABILITY INSURANCE FUND Извештај за пензискиот систем во Република Македонија со актуарски проекции, June 2009, Skopje, retrieved from: http://www.piom.com.mk/
"Report on the pension system in the FYR Macedonia with actuarial projections"

Part of the Macedonian Pension and Disability Fund is the Actuarial Unit, which was established in order to strengthen the capacity for development of the policy of the pension insurance sector. The report starts with a brief overview on the reformed pension system, including data on contributions, benefits, number and structure of the pensioners. In addition, the report analyses data on the financial condition of the system with focus on the long-term actuarial projections for the future financial sustainability of the pension system, including calculations on the percentage of GDP. This report also forecasts short and long-term projections for revenues and expenditures, by means of actuarial modelling and taking into consideration the expected demographic and economic trends, within the framework of different assumptions for the pensions' policy.

[R1; R2; R5] SCHWARZ, Anita, Report on Pensions in Crisis: Europe and Central Asia Regional Policy Note, December 2009, Washington, p. 9-11. retrieved from: www.iops.org

This report analyses the impact of the financial crisis on pension systems of ECA countries, reviews the initial policy responses by individual governments, and provides recommendations on how to strengthen pension systems in the region both in the short and long term. The new study finds that ECA countries, once hit with a sudden shock to the fiscal balances of their pension systems, started considering and implementing policy changes that both, increase resources and cut expenditures. The report warns policymakers that actions which generate short-term benefits may involve additional costs in the future. According to presented hypothetical simulation, even the most severe scenario of the financial crisis pales in comparison with the effects of the demographic crisis that is looming in the region. The report notes that the policy action through legislation by Macedonia is a gradual reduction of the social contributions rate, as well as the calculation of the pension indexation with 50% of inflation, starting from January 2010.

[R2] COMMISSION OF THE EUROPEAN COMMUNITIES, Работен документ на Комисијата-Извештај за напредокот на Република Македонија за 2009 година, October 2009, Brussels, p. 36, 41-42, retrieved from: www.sep.gov.mk/Dokuments/EN/
"Commission Staff Working Document-The FYR Macedonia-2009 Progress Report"

The FYR Macedonia is a non-EU member with a candidate-country status, preparing and waiting to join the EU family. This Progress Report is for 2009 and largely follows the same structure as in previous years, including the relations between Macedonia and the Union, political and economic criteria for membership, and review of Macedonia's capacity to assume obligations of membership. In regards to the pension issues in the report (4.4 Chapter 4: Free movement of capital and 4.9 Chapter 9: Financial Services), the need for relaxing the legislation is commented on in terms of restrictions on the investment of assets of the pension funds abroad. In this report the EU Commission's attitude towards the institutional infrastructure of the pension system refers to the insufficient independence of the Agency for Supervision of Fully-funded Pension Insurance, which was also noted in the previous progress reports. Therefore, the 2009 Report again suggests increased independence of the agency, especially in the area of budgeting, reporting and appointment of directors and members of the management board.

[R2] GOVERNMENT OF THE FYR MACEDONIA-SECRETARIAT FOR EUROPEAN AFFAIRS, Национална Програма за усвојување на правото на Европската Унија-Ревизија-2009, May 2009, Skopje, p. 76-78, retrieved from: http://www.sep.gov.mk//Dokuments/EN/

"National Programme for Adoption of the Acquis Communautaire-Revision-2009"

In 2007, the Government of the FYR Macedonia adopted the National Programme for Adoption of the Acquis Communautaire (NPAA), which is the key document for the EU integration process, reflecting the dynamics of harmonisation of the national legislation with the EU laws, as well as the adjustment of national institutions to the EU administrative structures. This document presents a second revision of the NPAA and focuses on future in-depth analysis of the acquis communautaire and its relation to the national legislation, including recommendations from the EC Progress Report for 2009. In chapter 3.9.2 Insurance and Professional Pension Insurance of the document, the possibility, but also the intention, of the Government of the FYR Macedonia is presented to develop the voluntary fully-funded pension insurance and to open the market and stimulate the entrance of new mandatory pension funds, besides the existing two, in order to increase competition and to decrease the costs of the system. In addition, important part of this document in respect of short-term priorities is the orientation towards increased percentage of investment of pension fund assets in foreign securities, which is actually one of the EU recommendations given in the 2009 Progress Report (4.4. Chapter 4: Free movement of capital).

[R2] JOVANOVSKA, Jasmina, Државата ја намали провизијата во вториот столб, BALABAN Ljubica, Намалена провизија на пензиските фондови, January 2010, Skopje, retrieved from: http://www.vesnik.com.mk/; http://www.dnevnik.com.mk/

"The state reduced the second pillar commission"

"Reduced commission for the pension funds"

These are two texts published by journalists (specialised in social insurance protection) in the daily newspapers "Dnevnik" and "Utrinski Vesnik", both with similar topics, inspired by the decision of the Government of the FYR Macedonia for a drastic decrease of fees chargeable by pension companies. They also comment on the reductions of the administrative costs of state institutions by more than 30%. Moreover, the journalists emphasised in those articles the strong reactions from the pension funds managers about to the Government's decision, stating that the Government was not transparent in making the decision and they were not consulted nor included in the process.

[R2; R3; R5] INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS), IOPS Country Profiles-FYRO Macedonia, December 2009, retrieved from http://www.iops.org/

IOPS as an organisation for international networking of supervisors is accustomed to providing data and preparing the Pension Country Profiles for its members, for information purposes only. In the document published for Macedonia, it describes the structure of the reformed pension system and the main characteristics for coverage, contributions, benefits, taxation, and market information with data about investment performance. Furthermore, comparative charts are attached to the Profile: for pension fund assets as a % of GDP in 2008 (1.3%), pension contributions as a % of GDP in 2008 (0.6%), pension benefits as a % of GDP in 2008 (0.0%), which indicate that Macedonia, compared to other countries, is at the bottom of the tables.

[R2; R3; R5] MACEDONIAN PENSION AND DISABILITY INSURANCE FUND, Извештај за финансиското работење на Фондот на пензиското и инвалидското осигурување на Македонија за 2009 година, February 2010, Skopje, retrieved from http://www.piom.com.mk/

"Report on the financial operations of the Macedonian Pension and Disability Fund for 2009"

The Macedonian Pension and Disability Fund each year submits a financial report to the management board, consisting mostly of financial data on the pension system and the operations of the current year. This report is subject to approval by the Macedonian Government. Disclosed in the report are data on the financial results for 2009, with more details on the revenues and expenditures, losses, the structure of the financial sources as contributions, budget transfers, etc. The report consists of data related to the dependency ratio between the average wage and the pension benefit and includes certain transparent information for the PDIF costs for services.

[R2; R5] RISTESKA, Irena, Реформиран пензиски систем во Република Македонија-Регионална (земји од Европа и Централна Азија) С.Б. работилница: Пензиски систем во време на финансиска криза, May 2009, Brussels, retrieved from http://www.worldbank.org/

"Reformed Pension System in FYR Macedonia-Regional (ECA) W.B. Workshop: Pension System in time of Financial Crisis"

In May 2009, the World Bank held a workshop with representatives of governments of the ECA region in Brussels. The objectives of this workshop were to promote an open discussion about pension systems in times of crisis, and the potential social, fiscal, financial and macroeconomic implications of various reform measures for both the short and the long term. The workshop sought to initiate and facilitate dialogue on pension policy among ECA governments during the financial crisis. The discussions had relevance for countries across the region, including those with PAYG schemes, those already operating multi-pillar pension systems (with both 1st and 2nd pillars), and those considering introducing a second pillar. The FYR Macedonia is in the group of countries that have already implemented the structural reforms and the Macedonian representatives had their own presentation at the event. In the elaboration on the Macedonian pension system, Risteska, as a representative of the Ministry of Labour and Social Policy, emphasised the developments in the country related to the gradual reduction of the social contribution rate, the favourable young membership structure and the immature funded pension system, as well as the data on improvement of the return on investment of assets in 2009.

[H] Health

[H1; H2; H4] Macedonia - Conditional Cash Transfers Project. Project Appraisal Document. World Bank. Abstract* last updated 16 June 2009, retrieved from: http://www-wds.worldbank.org/external/default/main?pagePK=64193027

The development objective of the Conditional Cash Transfers Project is to strengthen the effectiveness and efficiency of the Macedonia's social safety net through: (a) the introduction of conditional cash transfers; and (b) improvements in the administration, oversight, monitoring, and evaluation of social assistance transfers. The first component of the project is enhancing the human capital links to cash assistance through support of the implementation of a conditional cash transfer (CCT) programme for poor families with children in secondary education. It will also support identification, development and implementation of possible extensions to the CCT model, in health, labour and/or other levels of education. The project will contribute to the Government's ultimate objective of alleviating poverty and enhancing human capital, thereby reducing the inter-generational transmission of poverty over the long-run. The project loan of US$25

million equivalent was not yet effective as of the reporting date the closing date 28 February 2014.

[H1; H3] ANCHEVA, M., Осврт на влијанието на економската криза врз материјално-социјалната положба на работниците во металната, електроиндустријата и рударството во Македонија. *Friedrich Ebert Stiftung*. Рев. за соц. пол. год. 2 Бр. 4 Стр. 309 - 318, Скопје, декември 2009

„Review of the Influence of the Economic Crisis to Material and Social Position of the Workers in the Metal Industry, Electrical Industry and Mining in Macedonia"

In this review of the influence of the economic crisis to material and social position of the workers in the metal industry, electrical industry and mining, the following facts are presented: reduction of jobs in the mentioned industrial sectors/branches in the last 10 months; social, public and economic consequences from the reduction of the number of employees in this part of the real sector; level of earnings of the workers in the same period; Purchasing power of average wage of the sector/branch. It is an empirical presentation based on (beside the official statistical data) findings and information gathered in the Trade Union of Industry, Energy and Mining of Macedonia.

[H1, H3] PEJKOVSKI, J., Економската криза и одразот врз неформалната економија. *Friedrich Ebert Stiftung*. Рев. за соц. пол. год. 2 Бр. 4 Стр. 339 - 354, Скопје, декември 2009

"Economic Crisis and its Impact on the Informal Economy"

Starting from the findings that are present in the broader framework, this article presents the bases that generated informal economy and also the different categories of people which created their existence in this sphere. The role of the system in producing the possibilities for informal economy is presented. Also, the measures that should be taken for transferring the informal into the formal economy are explained.

[H1, H3] GEROVSKA MITEV, M., Социјална димензија на економската криза: перцепција на граѓаните. *Friedrich Ebert Stiftung*. Рев. за соц. пол. год. 2 Бр. 4 Стр. 355 - 373, Скопје, декември 2009

„Social Dimension of the Economic Crisis : Citizens' Perceptions"

The article focuses on citizens' attitudes but also on their actual status and access in terms of labour market, social protection, education and health during the past 12 months (involving the time period up to September 2009). The survey, based on a standardised questionnaire, included 1,068 households as representative sample of the population in Macedonia. On the basis of a quantitative analysis, the article shows that the labour market participation, which was already very low before the crisis, decreased even more in the last 12 months. Study results show that 19% of the respondents lost their job in 2009.

[H1; H3; H5] TOZIJA F., GJORGJEV D., Проценка на влијанието на глобалната финансиска криза врз социо-економските детерминанти и здравјето на населението во Република Македонија. *Friedrich Ebert Stiftung*. Рев. за соц. пол. год. 2 Бр. 4 Стр. 319 - 338, Скопје, декември 2009

"Impact Assessment of the Global Financial Crisis on the Socio-economic Determinants and the Health of the Population in Macedonia."

The impact of the global financial crisis on health has been assessed analysing the level of unemployment and poverty, declining living standards, high level of social and economic insecurity and health status. The financing mechanisms of the health care system also have an impact on the social inequities in health care, particularly among

the vulnerable groups. Homeless people and beneficiaries of the social assistance programmes, the elderly and others are mostly exposed to be affected by the lack of resources of the health care system and the widespread poverty in the country.

[H2, H3] Втор акционен план за храна и исхрана на Република Македонија за периодот од 2009-2014 (Нацрт документ). Institute of Public Health. Skopje: 2009
"Second Action Plan for Food and Nutrition in the FYR Macedonia 2009-2014"

The document is integrated into the policy frame Health For All and the EU Commission for health in all policies, based on current policies, strategies and strategic documents, regulating control and prevention of non-communicable diseases, promotion of healthy life styles for nutrition and physical activity and food safety.

[H2; H3] TOZIJA, F., Милениумска развојна цел 4, 5 и 6. Во: Извештај на Република Македонија за напредокот во остварувањето на милениумските развојни цели. FYR Macedonia – Skopje. United Nations Development Programme UNDP, 2009: 45-66.
"Millenium Development Goal 4, 5 and 6. In: Report on the Progress towards the Millenium Development Goals"

The second Millennium Development Goals Report shows that in the period covered in the Report, the FYR Macedonia achieved some progress in the social and economic areas. The economic parameters show growth of GDP, inflow of foreign direct investments, as well as some reduction in unemployment. The parameters concerning maternal and child health demonstrate an upward trend and there has been some progress regarding the environmental protection. However, progress in reducing poverty and social disparities, as well as disparities between various vulnerable groups, has been slow and further efforts are needed to reach the planned targets. This report provides detailed analysis of all of the above and a variety of other aspects, with relevant conclusions and recommendations on measures that could contribute to meeting the Millennium Development Goals as set out at the national level.

[H2; H3] KASAPINOV, B., Оптовареност со повредите кај децата и младите во Република Македонија - приоритетен јавно здравствен проблем. [master thesis]. Skopje: Faculty of Medicine; 2009.
"Injury Burden in Children and Youth in the FYR Macedonia - a Priority Public Health Problem"

This community survey on injuries and violence is the first survey of a kind conducted in our country which verified the burden with injuries in children and youth and the actuality of this problem. Male children get injured more frequently and suffer from more severe injuries; the risk of injury is increasing with the increase of age. Injuries are more frequent in ethnic Albanians; the most common place where injuries occur is in the street, while the most common mechanism of injury is falls. Injury prevention in children and adolescents should be comprehensively assessed with application of evidence-based effective interventions.

[H2; H3] SPIROSKI I. Карактеристиките на нутритивниот статус на Ромска популација на деца на училишна возраст во Република Македонија. University "St. Cirilllus and Methodius" Medical School. Skopje: 2009, - 58 p. [master thesis]
"Characteristics of Nutritional Status of Roma Children at School Age in THE FYR Macedonia"

The study is designed as a comparative epidemiological cross sectional survey using retrospective (case-control study) and prospective methods. Health risks of the population of Roma children compared to those of the control group, both in children attending first and fifth grade, are related to their lower values of the anthropometric

indices, i.e. the ranges of the SD which are placed left of the median. For the z-scores of SD placed right of the median, there is a lower percentage of cases of Roma children with increased health risk. That counts for all of the three indices. Social determinants of the Roma population's principles and conditions of living, which could be investigated in future research, could bring additional light on the problem of impaired nutritional status in the Roma population at this age.

[H2, H3; H4] TOZIJA, F., Violence and Injury Prevention and Safety Promotion in Macedonia – Evidence based Policy Intervention. Archives of Public Health. Vol 1, No. 1 2009: 39-46

The public health approach has been applied as multisectoral and science-based framework for policy intervention. Results from two studies have been analysed: Community-based Injury Survey and Global School-Based Student Health Survey in Macedonia, conducted on nationally representative samples of 1,200 households for CBIS, and 2,114 students for GSHS. The surveys highlighted safety issues that were known but insufficiently regarded, even though injuries and violence were set as government priorities. They have indicated that more attention and support efforts are urgently required, with special attention to the direction of the programmes for health promotion and prevention, improvement of the safety lifestyle based on behavioural change.

[H2; H3; H4] ZAHORKA, M., Stanescu, A., Fota, N., Improving Maternal and Infant Health – Macedonian Safe Motherhood Strategy (SMS) 2011 - 2015. Unicef Macedonia. Skopje, February 2010

This strategy is a guiding instrument for actors in Safe Motherhood in Macedonia for strengthening maternal and newborn care services, through upgrading facilities (such as outreach services, clinics and hospitals), providing essential medicines and staff, effective referral systems, transportation and communications ensuring that mothers and babies receive the care they need, especially in relation to pregnancy-related complications, will benefit other areas of the health system. The present strategy respects the needs of all Macedonian citizens, regardless of ethnicity, religion or socio-economic status, especially guaranteeing that the poor and marginalised have access to health, including healthy reproduction and goes beyond the mere reduction of maternal and perinatal deaths but addresses the improvement of maternal, newborn and infant health as whole.

[H2; H3; H4] BARTLETT W. People-Centered Analysis Report - Regional Development, Local Governance and the Quality of Life. UNDP and SEEU. 2009

The People-Centered Analysis Report is based on the findings of an extended survey of 3,000 respondents completing a questionnaire, the results of which provide policy-relevant evidence of geographical disparities in quality of life and social exclusion. It shows that large regional disparities exist in life satisfaction, which, in turn, is largely influenced by age and place of residence, with the young urban population at the top of the happiness scale and the rural elderly at the bottom. In terms of ethnicity, the Roma have significantly lower levels of happiness than ethnic Macedonian and ethnic Albanians, who share equivalent levels of life satisfaction. The research confirms that large income disparities also exist between planning regions.

[H2; H3; H4] SIMOSKA E., GABER N., JOVEVSKA A., ATANASOV A., BABUNSKI K. How Inclusive Is the Macedonian Society. - Skopje; Foudation Open Society Institute – Macedonia, 2009, - 158p.

The project was based on survey questionnaires, in-depth interviews and focus groups. Research target groups were: Roma, homosexuals, drug and narcotic users, alcohol addicts, intellectually disabled persons, physically disabled persons and sex workers. The survey was carried out on a representative sample of 1,200 citizens of the FYR Macedonia, by means of direct interviews. In-depth interviews were made with 20 activists from non-governmental organisations addressing target groups' rights. 10 focus groups were organised with target group members. FOSIM will use this research data to create new programmes to serve as food for thought on the state of affairs and to advocate for greater social integration by means of participatory decision-making and defiant respect for the rights of all.

[H2; H3; H5] Здравствена карта на Република Македонија 2008. Состојба во Република Македонија 2008. Institute of Public Health. Skopje, 2010

"Health Map of the FYR Macedonia 2008. Status of the FYR Macedonia"

The Health Map of the FYR Macedonia represents the health system and health status of the population in the Republic in general, and separately for each health region in 2008, in terms of their organisational structure, health services, health personnel, morbidity and mortality. The preparation of the Health Map is based on official data, collected and processed by the Department for Health Statistics and Informatics Department of the Social Medicine Unit within the Republic Institute for Health Protection, Skopje, provided by the Institutes for Health Protection in the FYR Macedonia and the State Statistical Office. The Health Map consists of three parts: General Part I: presenting the general status of health protection in the Republic, and by level of health protection – primary, secondary, tertiary – in the health regions in Macedonia, and Special Parts II and III representing the status of health protection by health regions, in alphabetic order. The data are presented in tables and maps.

[H2; H4] BIBAN Z. Јавно здравствен аспект на социјално економскиот статус на исхраната на населението во Република Македонија. Public Health Aspects of the Socio-economic Status of the Nutrition of the Population in the FYR Macedonia. Skopje: Medical School, 2009 [master thesis]

The main goal of the study was to determine the social as well as the economical status of the population considering the consumer potential and consumption habits linked with nutrition. The financial situation in the country directly affected the socio-economic status of the population, the consumer power was reduced, especially when it comes to the "basket" of food that should meet the recommended standards of the daily nutritional needs of the body. There is discrepancy in the structure of the products in the "consumption basket" with the structure of the recommended healthy food pyramid. A wider public debate and action is needed to explore the available options and specific criteria for financial assistance to address the needs of the most vulnerable groups.

[H2; H4; H5] Стратешки план на Министерството за здравство 2009-2011. Skopje: Ministry of Health, 2009 (http://moh.gov.mk/index.php?category=29) (Accessed on 05.03.2010)

"Strategic Action Plan for the Ministry of Health. 2009-2011"

The strategic plan is the basic plan for development of the Ministry of Health for the three year period, based on the programmes and activities of the Ministry of Health, the Programme for Work of the Government for the period 2008-2012, the Health Strategy

of Macedonia 2020 and the UN Millennium Goals. The following priorities are defined for 2009: increasing economic growth and competition; increasing employment, living standard and quality of life; EU and NATO integration, fight against crime and corruption; good interethnic relations and tolerance; investment in education, etc.

[H2, H4, H5] GJORGJEV, D., SEDGLEY, M. The Evaluation of Public Health in South-Eastern Europe: from Transition to Progress. JPH - Year 7, Volume 6, Number 1, 2009

The public health services project of the South-eastern Europe Health Network undertook an evaluation of public health services in its nine member countries. The evaluation was orientated around "essential public health operations" that are deemed to form the core of public health activities and services and to be indispensable to the delivery of modern public health services in any country. The evaluation analysed these activities and services within the structure of the health system functions of stewardship, resource generation, financing and service delivery, as developed by the WHO. Having emphasised the main weak and challengeable points in the public health systems and services in the SEE countries, the evaluation is also a first step to defining a way forward in the SEE countries to ensure that the turmoil of 'transition' is only a prelude to the comprehensive modernisation of public health services.

[H2, H4, H5] GJORGJEV, D., Public Health System in the FYR Macedonia: Possibilities and Challenges. Archives of Public Health. Vol 1, No. 1 2009: 27-38

The evaluation demonstrates a mixed picture of strengths and weaknesses within the context of significant social, economic and political challenges in the FYR Macedonia. Among the many visible and significant, mostly historic, strengths in public health services in the country are a well developed network of public health institutes with well defined control systems, highly experienced and well educated public health professionals, as well as many positive examples of service delivery. But there are also many concerns and challenges, not the least of which is political focus, direction and support for modern public health services, as well as funding. Besides problematic financing of public health in the country, collaboration and partnership among sectors is weak and information and communication systems are inadequate and not sufficiently integrated. The public health research activities are also inadequate.

[H2, H4, H5] GUDEVA NIKOSKA, D., TOZIJA, F., GJORGJEV, D., ARNIKOV A., KISHMAN A., Систем на јавно здравство. Во: АНАЛИЗА на потенцијалот за добро управување во Република Македонија. Skopje: Foundation Open Society Institute – Macedonia, 2009: 45-54 (accessed http://www.gg.org.mk/.)

"Public Health System. In: Analysis of the Potential of Good Governance in the FYR Macedonia"

The CDC PAHO methodology and instrument were applied to evaluate the functioning of the public health system across 11 essential public health functions through a set of 49 indicators, measures and sub-measures. Results provide recommendations for good governance, improvement of the essential PH functions, reduction of barriers and costs associated with them, identification of gaps and critical issues and dilemmas, as well as development of strategies to address them. Repeated measurements over time facilitate consistency quantification between measurement and identification of the "grey zones" in the PH system, thus facilitating design of targeted interventions for institutional capacity strengthening.

[H2; H4; H5] KOSTOVSKA, A., Ставови и знаења за правата на пациентите од јавно здравствен аспект. University "St. Cirilllus and Methodius" Medical School. Skopje: 2009, - 76 p. [master thesis]

"Public Health Aspects of the Knowledge and Attitudes About Patient Rights"

A transversal analytical descriptive study was carried out to assess the knowledge and attitudes in respect of patient rights of both health providers and patients at university clinics in Skopje in 2009. The patient rights are regulated by the Law for Patient Rights enacted on 2 June 2008. Health providers are more informed (94%) than patients (82%) about the law in general. There are differences among groups in their information about certain patient rights. Concrete recommendations are given for improvement of the law implementation in practice in all health institutions, such as establishing offices for advisers for patient rights and providing guides and information for patients.

[H2; H4; H5] Стратешки програми за 2009-2011. Ministry of Health, 2009 retrieved from: http://moh.gov.mk/index.php?category=29

"Strategic Programmes for 2009-2011"

The Ministry of Health has undertaken many activities to address the following defined priorities for 2009: modernisation and improvement of the health sector (facilities, medical equipment, integrated health information system, day care centres and hospitals, community oriented primary health care, public/private partnerships), increasing transparency, efficacy and sustainability, capacity building at all levels and reforms of public administration, programme for health care and prevention, EU integration and crisis management. In the health care programme, special attention is given to prevention, expanding the activities for 2009 with the following activities: implementation of the international health regulations, health promotion activities, education of public health staff, implementation of the action plan of the Strategy for Demographic Development 2008-2015, implementation of the action plan for Prevention of Sexual Violence on Children and Pedophilia 2009-2012.

[H3] LOZANOSKA, J., Dimitrov, S., Integrating Differences.Human Rights, Social Inclusion and Social Cohesion in the Balkans on its Road to the EU. Proceedings from a conference, 28-31May, 2009Ohrid, Euro-Balkan Institute Skopje, 2009

The conference aimed to fill that knowledge and skill gap by bringing a multidisciplinary body of well-established EU social exclusion researchers to share their insights, methodologies and practical experiences with their colleagues from the Balkans, and by encouraging a local debate, increasing conceptual The conference was a novel attempt at raising awareness among the academic public in the Balkans about the importance of the concept of social inclusion for building integrated, and socially cohesive, societies on a national, regional and EU level. It was among the first academic conferences in the region to explore the linkages between the discourse and practice of human rights in the Balkans, the legal principle of non-discrimination as the legal basis for European citizenship, and the concept and experience of social exclusion in the region. understanding and ownership of the social exclusion research agenda in the Balkans.

[H3] Анализа на состојбата на опфатот на Ромите со здравствено осигурување во Република Македонија. ESE. 2009

"Situation Analysis of the Roma Coverage with Health Insurance in FYR Macedonia"

A multisectoral expert group evaluated the health status of the Roma population as well as their coverage with health insurance, analysing the relevant legislation, national action and operational plans within the Strategy for Roma. Problems were identified

and recommendations given to address the problems and to increase the health insurance coverage and access to health care.U B L I C H E A L T

[H4; H5] CONSEIL SANTE. 1st Mission Report. (RFP & HSMP 3-1A-CS1) World Bank. IBRD LOAN # 4733. Skopje, 2010

This report is based on the analysis of the present existing hospital management processes and management training curricula in Macedonia; the situation related with the transformation of the Military Hospital in the General City Hospital in Skopje, and the analysis of the available documents. Recommendations are given for health care policy. It is recommended that, parallel to the transformation and upgrading project of the new city general hospital, the Ministry of Health finalise a comprehensive hospital sector planning process covering the whole city secondary health care facilities (specialised policlinics, wards).

5 List of Important Institutions

Ministry of Labour and Social Policy (MLSP)

Address: Dame Gruev, 14 1000 Skopje, Former Yugoslav Republic of Macedonia
Contact: Irena Risteska, Head of Department for pension and disability Insurance
Phone: + 389 (2) 3106 651
Email: irena.risteska@mtsp.gov.mk
Webpage: www.mtsp.gov.mk

The MLSP is a public institution, which is responsible for creating and implementing the policy on pension and disability insurance and for supervising the legality of operations with respect to this insurance. The MLSP is also responsible for labour market development policy, labour protection of workers during their working lives, social protection, child care, wages policy and living standard, protection of disabled persons, gender policy and other obligations defined by law.
Publications: Macedonian Social Picture, International Labour Standards, Report on Equal Rights between Men and Women.

Secretariat for European Affairs (SEA)

Address: Zgrada na Vlada na Republika Makedonija, " Ilindenska" bb 1000 Skopje, FYR Macedonia
Contact: cabinet@sep.gov.mk
Phone: + 389 (2) 3200 100, 3239 165
Webpage: www.sep.gov.mk

SEA was established as a separate expert service of the Government of the FYR Macedonia in 2005, through transformation of the previous Sector for European Integration within the General Secretariat of the Government. The establishment of the Secretariat was a response to the increased needs arising from the intensified integration process of the FYR Macedonia into the EU, for the purpose of the strategic objective of EU membership of the FYR Macedonia. EU membership, since introducing the strategic planning system, in its continuity is the Government's strategic priority, directly focused on opening EU membership negotiations. SEA provides professional support and coordination in the work of state administration authorities and other bodies and institutions, in the light of preparing the FYR Macedonia for EU membership.

Agency for Supervision of Fully Funded Pension Insurance (MAPAS)

Address: Vasil Glavinov b.b Intex Biznis Centar 2, 1000 Skopje, Former Yugoslav Republic of Macedonia
Phone: + 389 (2) 3224 229
Contact: Anastasija Trajkovska, Head of Financial and IT Sector
Email: anastasija.trajkovska@mapas.gov.mk
Webpage: www.mapas.gov.mk

MAPAS is a public institution with a regulatory and supervisory role, established to supervise the operations of pension companies and pension funds, to protect the interests of pension fund members and to stimulate the development of the fully-funded pension insurance. The agency performs the following activities: Grants, withdraws and abrogates licences for establishment and approvals for managing pension funds; supervises the operation of pension companies and the pension funds under their management and, especially, controls their legal

operation; supervises the operation of legal entities acting as custodians or foreign asset managers of pension fund assets in relation to operating with such assets; promotes, organises and enhances the development of the funded pension insurance in the Former Yugoslav FYR Macedonia, in cooperation with the Ministry of Labour and Social Policy. MAPAS is also responsible for the development of public awareness on the purposes and operating principles of the pension companies and the pension funds, on the benefits from pension fund membership, on the rights of pension fund members and other issues relating to the pension fund system. The agency has active procedural legitimisation and may intervene, either directly or indirectly, in any process against a pension company and any entity or entities in a legal relationship with the pension companies, when such action is necessary for the purpose of protecting the interests of the pension fund members. Publications: Annual Report on the Developments in the Mandatory Fully-funded Pension Insurance (annually: 2006-2009); Annual Statistical Report (annually: 2006-2009); Quarterly Statistical Report/ (quarterly in years: 2006-2010); Monthly Bulletins and daily information on the value of the pension fund accounting unit.

Pension Management Companies (PMCs)

Contact with PMC, KB Prvo Penzisko Drustvo-Skopje
Address: Bul."Ilinden" br.1 Skopje 1000, Former Yugoslav Republic of Macedonia
Contact: Janko Trenkoski, President of Company's Management Board
Phone: +389 (2) 3243 777
Webpage: www.kbprv.com.mk

Contact with PMC, Nov Penzisko Fond AD-Skopje
Address: "Vodnjanska" br. 1 , 1000 Skopje, Former Yugoslav Republic of Macedonia
Contact: Davor Vukadinovic, General menager
Phone: +389 (2) 5100 285
Webpage: www.npf.com.mk

PMCs are private joint stock companies founded by financial institutions whose only object of activity is the management of pension funds, representing them in front of third parties and other activities related to pension funds. The shareholders of the pension company, in accordance with their participation in the pension company's capital, have equal position in the pension company. The statutes of a pension company should not award any additional rights or privileges to certain shareholders, limit their rights or impose on them additional responsibilities. A pension company for managing pension funds may be founded by domestic and foreign legal entities. The founders that hold 51% of the share capital of a pension company should be banks, insurance companies, pension companies and other financial institutions or entities that, directly or indirectly, hold more than 50% of the shares of such institutions. The same legal entity may not be a shareholder of more than one pension company.
Publications: Financial Audit Report for Pension Companies and Financial Audit Report for Pension Funds (annually: 2006-2009), Financial Reports on Financial Results; Assets under Management (annually); Value of the Accounting Unit (annually), Pension Fund Return (annually).

Pension and Disability Insurance Fund (PDIF)

Address: Vladimir Komarov bb, 1000 Skopje, FYR Macedonia
Contact: Menka Temelkovska, Head of Statistics Unit
Phone: + 389 (2) 3250 100
Webpage: www.piom.com.mk/

PDIF is a public institution, which undertakes centralised collection and allocation of contributions and gathers relevant data for members of the selected pension funds and companies. PDIF's main activities are: implement policies on development of pension and disability insurance; follow and study the area of pension and disability insurance; propose steps aimed at improving the pension and disability insurance system; suggest the size of pension and disability insurance premiums; ensure the efficient use of the funds needed for securing pension and disability insurance rights; issue an annual report on the work of the fund's special service; regulate the rights, commitments and responsibilities of the administrative authority, the director, and the special fund service; implement international agreements and agreements between countries in the area of pension and disability insurance; and others.
Publications: Annual Reports of PDIF Activities; Actuarial Report for 2004, 2006, and 2008, and statistical data on pension payouts (monthly).

Institute of Social Work and Social Policy / Faculty of Philosophy

Address: Krste Misirkov bb, Box 576, 1000 Skopje, Former Yugoslav Republic of Macedonia,
Contact: Maja Gerovska Mitev, Ass. Prof.
Email: gerovska@fzf.ukim.edu.mk
Webpage: www.fzf.ukim.edu.mk

This is a public institution that educates in the field of social protection policy by preparation of analyses, research, projects, social journals and other forms of social points of view. The main subjects are: 1) Theory of Social Work. 2) The subject Social Politics. 3) Sociology. 4) Family Law and Social Law. 5) Psychology. 6) Pedagogy.
Publications: Reviews for Social Policy.

Trade Union Association – SSM

Address: Udarna brigada bb, 1000 Skopje, Former Yugoslav Republic of Macedonia,
Contact: Milan Manovski, Secretary of the Socio-Economic Research Unit
Webpage: www.ssm.org.mk

This association has been established to protect the rights of workers and is one of the members of the three-party body for social dialogue and negotiations (Social Economy Council). SSM participates in many debates regarding social issues, including comments on legislation concerning labour, pensions, social protection, living standard and other social issues.

Ministry of Health

Address: 50 Divizija No 6, 1000 Skopje, FYR Macedonia
Contact with the Cabinet of the Minister
Phone: +389 (02) 3112 500 – ext. 102
Phone: +389 (02) 3126 206

Contact with the public relation office
Phone: +389 (02) 3112 500 - ext. 133
Phone: +389 (02) 3296 522
Webpage: www.moh.gov.mk

The competences of the Ministry of Health are: health care protection and health care insurance of the population; organisation and development of health; attending the health care conditions of the population; protection of the population from contagious diseases, the influence of gases, radiation, noise, pollution of the air, water and the earth; consumer products and products for public use; hygienic and epidemiological conditions; medicines, additional medications, medical supporting assets, medical equipment, sanitary offices and materials; poisons and drugs; surveillance;

Institute of Public Health of the FYR Macedonia

Address: 50 Divizija No 6, 1000 Skopje, FYR Macedonia
Phone: +389 2 3125044
Phone/fax: +389 2 3223354
Webpage: www.iph.mk

Institute of Public Health of the FYR Macedonia in Skopje – is one of the oldest institutions in Macedonia, established in 1924, which performs specialised public health, epidemiological, microbiological and hygiene activities; laboratory and other testing of the environment; microbiological (bacteriological, parasitological, virological), chemical (toxicological, radiological), biochemical and other laboratory analyses; professional, educational and scientific investigations as a teaching base of the Medical Faculty in Skopje; and implements scientific and professional achievements. IPH is a national focal point for international health regulations and many international projects and the SEE Regional Centre for Public Health.

Medical Association of the FYR Macedonia

Address: Dame Gruev No 3, 1000 Skopje, FYR Macedonia
Phone: +389 2316 25 77
+389 (70) 279630
Email: nachamed@mt.net.mk
Webpage: www.mld.org.mk/

The Medical Association of the FYR Macedonia is an independent and professional organisation of medical doctors, associated in order to protect and promote proficiency, ethical obligations and rights, improvement of health protection quality, monitoring of the relation of those working in health professions to society and citizens, and protection of doctors' professional interests. The association advocates and protects the interests of its members and looks after the reputation as part of the performance of the doctors' profession.

Medical Faculty – Skopje

Address: 50 Divizija No 6 1000 Skopje, FYR Macedonia
Phone: +389 2 31 65 155
+389 2 31 11 254
Fax: + 389 2 32 20 935
Webpage: www.medf.ukim.edu.mk

Education and research centre educating students in basic and clinical medicine sciences as well as societal and humanitarian sciences; establishing relations with other faculties, universities and institutions within the country and abroad and creating educational policy based on autonomy, adequacy, accreditation and self-evaluation.

Doctor's Chamber of the FYR Macedonia

Address: Bul. Partizanski Odredi br. 3, 1000 Skopje, FYR Macedonia
Phone: +389 2 323 90 60
+389 2 322 55 92
Fax: + 389 2 312 40 66
Webpage: www.lkm.org.mk/

The Doctor's Chamber of the FYR Macedonia is an independent and professional organisation of medical doctors, associated in order to protect and promote proficiency, ethical obligations and rights, improvement of health protection quality, monitoring of health workers relation towards society and citizens, and protection of doctor's professional interests.

Health Insurance Fund of Macedonia

Phone: +389 2 3289-000
Fax: +389 2 3289-048
Email: info@fzo.org.mk
Webpage: www.fzo.org.mk

The Health Insurance Fund of Macedonia was founded with the Law on Health Protection (Official Gazette of RM, No. 25/2000,34/2000 and 96/2000), in order to provide mandatory health insurance as a institution providing public activities and public authorisation defined by law. The Law on Health Insurance regulates the health insurance of the citizens, rights and obligations from health insurance as well as means of conducting health insurance.

Foundation Open Society Institute - Macedonia (FOSIM)

Address: Bul. Jane Sandanski 111, Skopje, Former Yugoslav Republic of Macedonia
Phone: +3892/ 2444-488
Fax: +3892/2444-499
Webpage: osi@soros.org.mk
www.soros.org.mk

The Foundation Open Society Institute – Macedonia (FOSIM) was founded in 1992 as a foreign entity representative office, becoming a national legal entity foundation in 1999, in accordance with the Law on Associations of Citizens and Foundations. FOSIM is part of the Soros network in Central and Eastern Europe. FOSIM works towards EU integration. Dedicated to the promotion of an open society, FOSIM initiates, supports and implements a wide spectrum of programmes

UNDP - United Nations Development Programme

Address: 8-ma Udarna Brigada Str.2, 1000 Skopje
Phone: +389 - 2 - 3249 500
Fax: +389 - 2 - 3249 505
Email: registry.mk@undp.org
Webpage: www.undp.org.mk

UNDP in the FYR Macedonia provides support to the Government through its current programme activities in the following flagship areas: decentralisation, jobs, environment, security, and aid coordination. In accordance with its corporate goals, UNDP is also active in the areas of poverty reduction, HIV/AIDS, and in its support to the Government in meeting the Millennium Development Goals.

World Health Organisation – Country office Macedonia

Address: Mirka Ginova No. 17, Skopje 1000,
Contact: Dr Marija Kisman Hristovska, Head
Phone: +38923 06 42 99
Webpage: http://www.euro.who.int

WHO is the directing and coordinating authority for health within the United Nations system. It is responsible for providing leadership on global health matters, shaping the health research agenda, setting norms and standards, articulating evidence-based policy options, providing technical support to countries and monitoring and assessing health trends.

World Bank – Country Office Macedonia

Address: 34, Leninova Street, 1000 Skopje
Contact: Mr. Denis Boskovski, External Affairs Officer and NGO Liaison
Phone: +389-2 3 11-71-59
Fax: +389-2 3 11-76-27
Email: dboskovski@worldbank.org
Webpage: web.worldbank.org

The World Bank is a vital source of financial and technical assistance to developing countries around the world including Macedonia.

Unicef – Country office Macedonia

Address: Orce Nikolov 74, PO BOX 491, 1000 Skopje, FYR Macedonia
Phone: +38923231150
Fax: +3893231151
Email: spappas@unicef.org
Webpage: http://web.uniceforg

Healthy Options Project Skopje

Address: Ul. Hristo Smirnenski 48-1/6, 1000 Skopje, Former Yugoslav Republic of Macedonia
Contact: Vlatko Dekov, Executive Director
Phone: +389 (0)2 3 246 205
Phone / Fax: +389 (0)2 3 246 210
Email: hops@hops.org.mk, vlatkod@hops.org.mk
Webpage: www.hops.org.mk

Established in 1999, the Healthy Options Project Skopje is a non-governmental, non-profit and non-partisan organisation that started operating as a project supported by the Lindesmith Centre and the Open Society Institute Macedonia in 1997. During this period it has successfully implemented programmes for the reduction of drug-related harm, prevention of HIV/AIDS and other sexually transmitted and blood-borne diseases, as well as programmes for social reintegration and re-socialisation targeting young people and vulnerable groups (drug users and their families and sex workers and their families) in Skopje, Macedonia.

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

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

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