

tage of funds. That led to increased incidence of diseases and a higher mortality rate.

**Table 12. Disease Incidence**

Indicators	Years		
	1990	2001	2002
Total population, in thousands (beginning of year)	10188,9		9950,9
Life expectancy at birth	71,1	68,5	
Life expectancy at birth (women)	75,6	74,5	
Life expectancy at birth (men)	66,3	62,8	
Congenital malformations*	6	9	
Neurological and sensory organ disorders*	265	491	
Blood diseases*	14	24	
Cardiovascular diseases*	116	189	
Tumors*	49	73	
Infectious and parasitic diseases*	308	375	
Skin and connective tissue diseases *	245	393	
Skeletal system and connective tissue diseases*	188	366	
Number of newly registered diseases 000s	5638	7169	

\* Newly registered cases per 1,000 cases.

In 2002, the Council of Ministers passed a directive on minimum healthcare guarantees that restricted the range of free-of-charge services to primary medical and sanitary aid, emergency aid for certain conditions, aid to mothers giving birth at maternity hospitals and aid to children under 18.

The government actually acknowledged the crisis of the free-of-charge healthcare system, one that remains largely unchanged from the Soviet era.

### **Social security system**

Belarus' situation is unique in terms of social support for people who cannot cope with their financial problems. Governments of the world's richest co-

untries provide support for only 7 to 12 percent of the population. As Ministry of Labor and Social Security statistics indicate in Belarus, 40 to 43 percent are entitled to social assistance.

In absolute figures, assistance is very slight: 6,000 rubles (ca. \$3) a month on the average. Rarely does assistance reach 100,000 (\$50) per person. The government spends much on welfare and social assistance the final effect of which is negligible. In addition, the social security system is stretched by having to combine general social transfers, benefits for various groups of employees and retirees, and subsidies for goods and services. The system of benefits lacks structure and rationale. The Ministry of Labor and Social Security says that the government provides some 300 benefits to various groups. Many of these are purely notional, thus eroding confidence in the authorities.

The system cannot cope with the task of distributing resources to benefit the needy, and represents too heavy a burden for the public, manufacturing and financial sectors. It also encourages people to parasitize at public expense.

Chernobyl benefits are a separate expenditure item. Six percent (381.8 bn rubles over the past three years) of total expenditure was spent on alleviating the Chernobyl disaster consequences. Ca. 70 percent of this is spent on social support of the affected population. Now, the government is seeking to encourage residents in the contaminated areas to earn their own living. Yet, it would cost a lot to change farm specialization to produce crops that do not absorb radioactive substances, or switch to animal farming because this implies new equipment supplies. The government program, however, does not address this problem.

In response to the systemic crisis in social services, the government devised a targeted assistance program which has been tested since 2001. Targeted aid is eligibly available to traditionally vulnerable groups – large and single-parent families, the elderly and the disabled. More than 278,000 people, or 1.6 percent of the population, received targeted assistance over the two years. The percentage of those truly in need of support appears to be higher, considering that well-developed countries support 7 to 12 percent of the population.

The amount of social assistance becomes more and more inadequate vis-à-vis the real needs of low income groups.

Over the last few years, the government has short-listed eligible beneficiaries and adopted a directive ‘On the System of State Targeted Social Assistance’ aimed at establishing a targeted support system. It has moved to reform the inefficient social security system, but lacks resources for creating an effective one, an effort impossible without systemic macroeconomic reforms.

Measures to rearrange the social security system proposed in 2003 – in transition to targeted social assistance – would allow the government to trim expenses, but will not provide adequate support for people who need it. According to the Ministry of Labor and Social Security, 694,700 Belarusians, or 7 percent of the population, are eligible for targeted assistance under the aforementioned directive. The government set a low poverty line at a monthly per capita income of \$24.6. The government guarantees in-kind or financial aid to bring income up to a stipulated minimum.

As before, the taxpayers will not be consulted on how the outstanding funds should be spent. It is largely anyone’s guess what portion of these funds, if any, goes to those in need. Inconsistent efforts to modify the social security system, with the old system of benefits being preserved, albeit in reduced format, delayed its collapse, but failed to address the root cause.

## Pension system

Under the 1993 pension law, the Belarusian government pays what is known as ‘occupational’ and ‘social/welfare’ pensions, as described below.

The main type of ‘occupational’ pensions are old-age benefits paid to more than 80 percent of the retirees. Belarus has more than 2.6 million people entitled to pensions, i.e. 26 percent of the population.

Under the law, men are eligible for benefits at the age of 60, with no less than 25 years in active employment, with the age of 55 for women having at least 20 years’ worth of occupation. Benefits may be claimed five to ten years prior to the statutory retirement age by ca. 20 occupational groups.

The size of pension depends on the average compensation earned over the last five years spent in employment and the maximum wage in the last 15 years.