

Social Services Sectoral Reforms: Causes and Rationale

by Andrei Yekadumau

Healthcare

Belarus' Soviet legacy comprises a free-of-charge healthcare system, with a range of privileges for various population groups. The government's reluctance to reform the sector and the conservation of the Soviet system of allocating health services served to back the authorities' populist policies. However, the level of free-of-charge health services can no longer be sustained because of insufficient funding. At the same time, the private market of health services, including the informal sector, has been developing spontaneously, while the state-sponsored healthcare system has been deteriorating.

The government's general policy aimed at squeezing as much funding as possible out of the private sector slowed down the development in the private healthcare system. As state-run health facilities resort to fee-for-service payment methods, they face tough competition from private providers.

Although the private health services market undermines the state monopoly, the Belarusian authorities cannot outlaw private practice altogether, because it helps to ease the financial strain on the state-owned healthcare system.

Users have to pay twice for services provided by state-owned healthcare facilities – they pay taxes and fees when using the actual service. Taxpayers have no say on public funds allocations as the budgeting process is not transparent.

In its bid to retain monopoly over healthcare, the government has come to a deadlock where it may no longer provide quality health services, while the private sector is not in a position to change the situation for the better. The government's move to cut the range of freely provided healthcare and expand the use of fee-for-service methods of payment has not helped to improve quality; instead, it increased the burden on low income groups. In addition, the state monopoly in the health sector will not encourage providers to cut prices.

Given the slow pace of market-oriented reforms and administrative mechanisms for allocating services and privileges, the informal segment is unlikely to shrink. Therefore, the level of services available to individual users depends not only on their income, but also on their social status, position and access to privileges.

Despite the absence of a health insurance development strategy, changes in the healthcare sector will continue, albeit without appropriate government oversight. The market of private services will develop in parallel and at the expense of the state-sponsored health sector, but without guarantee of availability to low income groups, who will find access to effective, quality health services to be increasingly difficult. If no dramatic changes are made in healthcare, it will not be able to satisfy the population's need for health services, and the mortality rate and diseases will be on the rise.

Social security

Belarus' social security system is ineffective, as proven by the fact that numbers of people who need benefits is rising, while the benefits are insufficient to meet their needs.

Some 7.5 million out of the 10 million Byelorussians are entitled to one form benefit or another. The government spends \$2 billion a year, or 14 percent of the GDP, on fighting poverty, but the number of claimants does not drop.

The social security system is ineffective because the funds are stretched, and their distribution is inadequate. There is no effective mechanism for targeted support. Because of subsidies to staple foodstuffs, public transport, housing