



The welfare state in Western Balkan countries: challenges and options

GORDANA MATKOVIĆ¹

ABSTRACT

The aim of the article is to assess the challenges facing Western Balkan welfare states and the available strategic options for enhancing social protection and human development in the region. The analyses of challenges encompassed the relevant EU and national statistics. For each challenge, channels were analysed, through which the impact on the welfare state was reflected. Both challenges and options were assessed against the experience of more advanced societies, especially EU countries.

The analysis has shown that most of the challenges identified in advanced societies are also present in Western Balkan countries. These challenges are intensified by these countries' relatively low gross domestic product, unfavourable social situations, inadequate education, and poor health outcomes, including a number of microefficiency issues in the context of low investment in the social sector. High emigration, long-term unemployment, and the widespread grey economy are identified as particularly important challenges.

Among the strategic options, the small welfare state, universal social investment, and preventive welfare state were analysed. The conclusions emphasise the importance of efficiency as a complementary strategic option, as well as the need to prioritise and focus given the weak and limited administrative, institutional, and expert capacities in the region.

KEY WORDS

welfare state | social protection | Western Balkan countries | challenges | options

An earlier version of this paper was presented as the position paper for the Future of the Welfare State in the Western Balkans initiative and conference (Belgrade, May 2018). The initiative has been supported by the Swiss Agency for Development and Cooperation.

¹ FEFA Faculty – Economics Program, Metropolitan University, Belgrade (Serbia) |
✉ gordana.matkovic@fefa.edu.rs

INTRODUCTION

State activities in the social sector are most commonly encompassed by the term “welfare state”. The objectives of the welfare state are multiple, including reducing poverty and inequality, smoothing consumption, and protecting against risks such as unemployment, disability, and sickness. Under the auspices of the welfare state, societies provide education and healthcare, support to unemployed people, disability and pension benefits, sick and maternity pay, social assistance, child allowances, and various social, childcare, and employment services. Since its modest beginnings in the early 1930s, the welfare state has grown into one of the key institutions in many countries, providing social protection and education far beyond the basic minimum.

The first oil crisis of 1973 marked the end of the golden age of the welfare state and the beginning of a several-decades-long debate about its value, which has continued until the present day. “Academics wrote books in which ‘crisis’ and ‘welfare’, the ‘end of welfare states’ or ‘what comes after the welfare state’ or ‘the race to the bottom’ came in varied combinations” (Glennerster 2007: 2).

The collapse of the welfare state has not, in fact, come to pass (Castles 2004; Bar 2013; Glennerster 2017). Changes are, however, ongoing. These entail: active, rather than passive social policy (beneficiary activation and making work pay policies); introducing market mechanisms and competi-

tion in the service-provision sector (by awarding vouchers or by subcontracting private service providers); containing costs within public systems (shifting part of the costs to beneficiaries and private-sector employers); shifting from universal to means-tested benefits; parametric changes in the public pension system; and measures and programs for enhancing efficiency and service quality.

Some researchers view the ongoing social sector reforms as evidence of resilience (Castles 2004; Glennerster 2007; Morel, Palier and Palme 2012), while others argue that the welfare state has, in fact, changed fundamentally and transformed into the “enabling state” (Gilbert and Terell 2013) or the “workfare state” (Jessop 1999).

The challenges and pressures that led to reforms in the past are largely relevant to the future of the welfare state as well. The literature identifies the key factors as globalisation, integration processes, demographic changes, and in particular population ageing, rising consumer expectations, family transformations, and labour market changes (Castles 2004; Gilbert and Terell 2013; Bar 2013; Glennerster 2017). Notable new challenges include inequality, especially global inequality among individuals, and migration, including refugees (Milanović 2012; Hemerijck 2012; Glennerster 2017).

Most of the challenges identified in advanced societies are also present in Western Balkan countries,¹ typically in an even more acute form given the inadequate development level for providing a comprehensive welfare state, prevalent social problems, weak capacities, and the overall low quality of services. Reforms are also hampered and challenges exacerbated by all-pervasive clientelism, the heritage of Bismarck's "socialist" welfare state, and restrictive public finance policies, especially during and in the immediate aftermath of the global financial crisis.

The challenges, as well as the likely increase of investment in the social sector under the assumption of growing budgets, create the need to assess the different strategic choices and options that could facilitate the enhancement of welfare states in the Western Balkans.

CHALLENGES TO THE WESTERN BALKAN WELFARE STATES

Is the development level inadequate for a comprehensive welfare state?

By European standards, Western Balkan countries' development levels are low. Relative to the EU (28) average,

¹ According to the European Parliament terminology of the Western Balkans, which comprise of Croatia, Montenegro, Serbia, North Macedonia, Albania, Bosnia and Herzegovina and Kosovo* (This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence) (European Parliament 2019).

the per capita GDP ratio ranges between 30% and 36% in most Western Balkan countries (Eurostat 2018d). Slightly higher values are recorded in Montenegro (46%) and the highest-developed country in the region – Croatia (62%), the only one whose per capita GDP exceeds half of the EU (28) average.

The demographic situation is unfavourable and generates long-term pressure on social expenditures.

The demographic situation is unfavourable in most Western Balkan countries. Over the past decade, low positive population growth rates have been recorded only by Montenegro and North Macedonia (Eurostat 2018). Adverse demographic features primarily include:

- Low total fertility rates, at a sub-replacement level, with the longest duration in Croatia and Serbia and the shortest in Kosovo² (Nikitović 2016).
- Negative natural population change in Serbia, Croatia, and Bosnia and Herzegovina (BiH); in the first two of these countries, this has persisted for over two-and-a-half decades. In Albania and Kosovo, natural population increase, albeit relatively high, has contributed to population growth to a lesser extent than migration.

² Kosovo has maintained very high fertility rates throughout the second half of the 20th century that have fallen below sub-replacement level recently (Josipović 2016).

- The long-standing tradition of emigration intensified especially in Albania and Kosovo during the past decade and in Croatia after EU accession; in the past two decades, 4.9 million people, i.e. almost 25% of the population, have left the region (excluding Croatia) (Svetska banka 2015). In the five-year period from 2013 to 2017, nearly 150,000 people emigrated from Croatia (Eurostat 2019c). The whole region is currently staked in the pre-transition migration stage (Nikitović 2016) and “lacks an attraction for long-

term immigration from third countries” (Josipović 2016: 35).

As a result of one or both of natural change and migration, the population of the Western Balkans is shrinking and ageing. Population ageing is particularly pronounced in Serbia and Croatia, where the share of the population aged over 65 is close to the EU (28) average in 2017 (19.4%). The population in Kosovo is still young, with children under 15 accounting for more than 25% of the population and the elderly making up only 8.

Table 1 Selected demographic features, Western Balkans, 2017

Country/Indicator	Estimated population size	Crude rate of natural change (‰)	Crude rate of net migration (‰)*	Total fertility rate	Share of the elderly (65+) (%)
Albania	2,876,591	3.0	-5.2	1.48	13.1
Bosnia & Herzegovina	3,509,728	-2.0	0.0	1.26	16.3**
Croatia	4,154,213	-4.1	-7.7	1.42	19.6
Kosovo	1,783,531	8.2	0.2	1.66***	8.1
Montenegro	622,387	1.5	-1.5	1.78	14.4
North Macedonia	2,073,702	0.7	0.1	1.43	13.3
Serbia	7,040,272	-5.5	0.0	1.49	19.4

Source: Eurostat 2019; 2019a; 2019b; Agencija za statistiku Bosne i Hercegovine 2019.

Note: * Includes stat. adjustment. Net migration is the difference between total population change and natural change. When national statistical offices estimate population only based on births, deaths, and internal migration (Republički zavod za statistiku Srbije 2018), this indicator does not give an accurate picture of external migrations; ** Census 2013; *** 2016.

Demographic challenges translate into welfare state challenges via multiple channels. Firstly, population ageing, especially in view of the growing share of the oldest-old (80+), puts high pressure on the pension system, health, and long-term care. Population ageing, hence, has the highest impact

precisely on those segments of the welfare state that are the most costly and prevail in social-sector expenditure. In addition, demographic processes lead to an increase in the old-age dependency ratio, which not only potentially affects the labour market and economic performance of a socie-

ty, but also reduces the capacity for social security funding, which is heavily reliant on labour taxation. The ageing of the labour force requires higher allocations for retraining and further training, and possibly also for unemployment and disability benefits, owing to the fact that elderly citizens have to work for longer.

Secondly, owing to low total fertility rates, the Western Balkan region is joining those regions that cannot rely on migration or increasing economic activity to overcome the issue of rising social public expenditures due to ageing, even in the future (Castles 2003). Furthermore, low fertility rates are prompting efforts to formulate and implement population policy measures, which can “snatch” a substantial portion of the social sector’s budget, with uncertain outcomes and a possible negative impact on other important goals, such as education and early childhood development, or raising women’s economic activity.³ This primarily concerns measures such as awarding high monthly benefits during extended periods of time to women for the birth of their third or fourth child (North Macedonia, Montenegro, Serbia).

Emigration contributes to population ageing, given the selective nature of migration and the fact that emigrants are predominantly young and of working age. Emigration thus heightens the impact of population ageing on

the welfare state. It also contributes to the faster dismantling of traditional multi-generational family patterns, influences the growth in the share of elderly households, and generates increasing demand for care services, which are otherwise provided within the extended family. On the other hand, the phenomenon of remittances, which reduce poverty and the need for state intervention in that segment, should not be disregarded. According to World Bank data, remittances as a share of GDP are very high in the Western Balkans, among the highest in Europe. In 2018, this share was particularly high in Kosovo (15.8%), but also ranged between 9% and 11% in Serbia, Albania, Montenegro, and Bosnia and Herzegovina (World Bank 2019c). Remittances, however, also potentially contribute to labour market rigidity by increasing reservation wages (Kovtun et al. 2014; Kosovo Agency of Statistics 2013). The fact that, in most countries, emigration implies a serious brain drain raises the issue of prioritising investments within the education sphere (e.g. early childhood development versus university education), and policies to attract returnees and/or exploit the advantages of the highly-educated diaspora come into consideration (Zeneli et al. 2013; Gedeshi and Jorgoni 2012).

Long-term prospects provide even more cause for concern, as depopulation and pronounced population ageing are expected to affect all parts of the Western Balkans. According to UN projections, populations will decrease in all Western Balkan countries

³ Nowadays, it is accepted that the efficiency of demographic policy should be assessed on the basis of outcomes in all spheres, i.e. also with respect to poverty reduction and women’s employment (Letablier et al. 2009).

until 2050, with the most pronounced decline in Bosnia and Herzegovina, Croatia, and Serbia. The share of people aged over 80 will grow from the current level of over 2% to between 9% and 10%, even in Albania and North Macedonia (UNFPA 2015).

Pronounced social problems – widespread poverty, high unemployment, and labour market changes

In European terms, poverty and the risk of poverty are high in the Western Balkans. Absolute consumption poverty still persists in all Western Balkan countries. According to the upper middle-income poverty line (at \$5.5/day), high poverty rates are recorded in North Macedonia, Albania, and Kosovo. In countries that also monitor absolute consumption poverty by national criteria, the proportion of the population unable to meet their basic needs is high, ranging from approximately 8% (Serbia, Montenegro) to as high as 17.6% in Kosovo.

In countries monitoring relative income poverty (Croatia, Serbia, Montenegro, and North Macedonia), the proportion of the population at risk of poverty is substantially higher than in EU (28) countries, at about 20% or more.

Detailed studies show that, in the Western Balkans, poverty is primarily a rural phenomenon, and that the unemployed, undereducated, and families with children or multi-person households are the most vulnerable.

Across the region, the Roma population is highly vulnerable. In the countries where UNICEF's MICS survey is conducted, the pronounced vulnerability of the Roma population is well-documented (For more details see: Republički zavod za statistiku i UNICEF 2015; Kosovo Agency of Statistics 2014; Zavod za statistiku Crne Gore 2014; Ministarstvo za ljudska prava i izbjeglice Bosne i Hercegovine i Agencija za statistiku Bosne i Hercegovine 2013).

Table 2 Poverty in the Western Balkans region, 2015 (%)

Country/Indicator	Absolute poverty, \$5.5 2011 (PPP)	Absolute consumption poverty by national criteria (2013)	Relative income poverty – at-risk-of-poverty rate (EU SILC 2016)
Albania	39.1 (2012)	14.3 (2012)	-
Bosnia & Herzegovina	3.9 (2011)	-	-
Croatia	5.5	-	19.5
Kosovo	21.4	17.6	-
Montenegro	4.8 (2014)	8.6	24
North Macedonia	23.1	-	21.9
Serbia	7.4	8.6	25.9

Source: World Bank 2019; Mijatović 2014; INSTAT and World Bank 2013; Kosovo Agency of Statistics and World Bank 2017; Eurostat 2019d; Zavod za statistiku Crne Gore 2018.

The unfavourable labour market characteristics in the Western Balkans represent one of the greatest challenges for both development and social policies. Employment and activity

rates are low and unemployment rates high in all of the countries, and are substantially worse than in EU countries.

Table 3 Labour market in the Western Balkans region, population 15-64, selected indicators, 2017 (in %)

Country / Indicator	Unemployment rate	Youth unemployment rate (15-24)	Long-term unemployment rate	Economic activity rate	Economic activity rate – female	Employment rate (20-64)
Albania	13.7	31.9	8.9	66.8	57.7	63.9
Bosnia & Herzegovina	20.7	45.8	17	54.5	42.7	46.6
Croatia	11.3	27.4	4.6	66.4	61.4	63.6
Kosovo	30.3	52.7	21.7	42.8	20	34.4
Montenegro	16.1	31.7	12.4	69.3	61.7	58.2
North Macedonia	22.4	46.7	17.4	65.3	51.7	54.8
Serbia	13.6	31.9	8.2	66.7	59.6	61.5
EU (28)	7.8	16.8	3.4	73.4	67.9	72.2

Source: Eurostat 2019e; 2019f; 2019l.

The labour market situation in Kosovo is particularly discouraging, with an exceptionally low employment rate (less than 35%) and almost a third of the labour force without work. In Bosnia and Herzegovina and North Macedonia, the indicators are less favourable than in other Western Balkan countries.

Structural characteristics reveal that the labour market situation is even worse than suggested by the overall figures. Youth unemployment, female inactivity, and long-term unemployment are especially high. In Bosnia and Herzegovina, North Macedonia, and Kosovo, approximately one in two young people on the labour market

cannot find a job. In Kosovo, women are practically absent from the labour market, with an activity rate of only 20%. Very low female activity rates are characteristic of Bosnia and Herzegovina as well. Long-term unemployment is a distinctive feature of labour markets in the Western Balkans, especially in BiH, North Macedonia, and Kosovo. As a result of delayed transition, a substantial proportion of employed people work in agriculture, usually without access to social insurance. According to Eurostat (2019m) almost two-fifths of the workforce in Albania was employed in agriculture, forestry, and fishing in 2017. The share of the workforce in

these sectors was also high in BiH, Serbia, and North Macedonia.

Additionally, the Labour Force Survey shows that in Serbia, North Macedonia, and Montenegro, one in five employed people in fact works in the informal economy (20.7%, 19.2%, and 22.3% respectively) and in the non-agricultural sector of Albania, one in three (30.3%) (Republički zavod za statistiku Srbije 2018a; Katnić and Golubović 2016; State Statistical Office of the Republic of Macedonia 2016; Instituti i Statistikave 2018). These “employed” people are mainly recruited from the poorer social strata (World Bank 2016), have no access to social insurance, and often earn less and do not contribute to the overall revenues of the public budget and social funds, which provide funding for a range of entitlements.

The adverse labour market situation is additionally burdened by the mismatch between education and the supply of jobs; knowledge and skills becoming outdated, especially when it comes to the long-term unemployed; employers’ reluctance to invest in employee training, and; the inadequate offer of adult education and lifelong learning programmes (Arandarenko and Bartlett 2012).

Widespread poverty, the substantial share of informal employment, and, in particular, high unemployment impose high demands on the fragile welfare states in the Western Balkans. Social safety nets fail to protect a substantial portion of the poorest quintile. As such, the key flaws of these schemes are low coverage (high exclusion error) and inadequacy of benefits

(World Bank 2011; Tesliuc et al. 2014). Despite the low inclusion error in most countries, the widespread grey economy, and other factors like remittances from abroad or in-kind agricultural income hamper targeting and preclude the expansion of schemes to avoid including those who are, in fact, not vulnerable.

In the given circumstances, another challenge lies in setting adequate amounts of financial social assistance and other social benefits to enable meeting the basic needs without disincentivising work, in view of the relatively low levels of minimum and average wages (Matković, Mijatović and Stanić 2014). Studies on Serbia show that gradual assistance withdrawal, although attractive in the context of economic theory, requires a sizeable increase in the allocations for financial social assistance (Žarković-Rakić et al. 2017).

Finally, large numbers of both poor and unemployed people pose a challenge to the capacities of social welfare and national employment services. The gap between the size of the vulnerable population and the institutional capacities brings into question activation and other active labour market policies as a general strategy.

In the longer run, with economic development, changes in traditional family roles, and waning of religious and cultural influences (World Bank and Vienna Institute for International Economic Studies 2017), increased integration of women into the labour market can be expected, especially in certain countries. Although a rise in economic activity and employment

has a positive impact on economic development, these changes impose additional demands on the welfare state, shift the focus from the family to the state - especially in the spheres of childcare and elderly care – and necessitate higher spending on work-parenthood reconciliation.

The unfavourable labour market conditions – including the increasingly delayed entry of youth into employment – frequent career breaks, and work in the grey economy impair old-age security for present generations (Schwarz et al. 2014). It is questionable to what extent pension systems, which are primarily based on insurance, will be able to provide adequate pension benefits. Under such circumstances, the key challenge will no longer be pension system sustainability, but rather sustaining the living standard of the elderly and reducing elderly poverty.

Changes in household structure – not yet alarming, but the challenge lies in the near future

Across the region, households are typically larger and people are more likely to live with their extended families than in EU countries (Eurostat 2018e; 2018f). In Kosovo, the average household size was almost six people in 2015 (Kosovo Agency of Statistics 2016). According to 2011 census data, the share of single-person households in Kosovo was only 2.9% (Kosovo Agency of Statistics 2011) and in Albania 6.5% (De Bruijn et al. 2014), while in the EU the respective share was 32.8% in 2017 (Eurostat 2018f).

The general divorce rate across the Western Balkans is below the EU (28) level, especially in Kosovo and BiH, where it is three times lower at only 0.6% (Eurostat 2018g; Agencija za statistiku Bosne i Hercegovine 2018). Somewhat slower changes in nuptiality, at least in some countries, can partly be attributed to widespread poverty, as well as efforts to preserve the existing standard of living. In Serbia, during the long-lasting economic, social, and political crisis of the 1990s, a decline in divorces was in fact recorded, under the conditions of “compulsive conservation of marriage and family, freezing conflicts and blocking transformation processes” (Bobić and Vukelić 2011: 163). Some studies have shown that in Serbia, as a result of adaptive strategies, a substantial number of single-parent families - and even cohabiting unions - resort to living in extended family units (Petrović 2011: 65).

According to the SILC (2017) data, the share of single parents in the total number of households in Macedonia, Croatia and Serbia is low - between 1.1% and 2.5% - which is almost two times lower than the EU (28) average (4.2%) (Eurostat 2018f).

The challenges faced by the welfare state owing to changes in family patterns are primarily reflected in the diminishing role of the family in the provision of material security, childcare, and long-term care. Fewer traditional extended family units, combined with higher employment rates for women and changing gender roles, weaken families' capacities to provide elderly care and childcare, thus creat-

ing scope for greater involvement of public or private providers of services. On the other hand, the rising number of single-parent families, who generally live in conditions of higher economic and social insecurity, also calls for higher support from society (Esping-Andersen 2006).

The pressure on welfare state expenditures will certainly represent a challenge that has not fully manifested itself yet, especially in countries where changes in the family sphere are still not pronounced (Albania, North Macedonia). In Kosovo, where half of all individuals still live in extended families and women's economic activity is very low, the challenge will emerge later.

The growing number and share of elderly households - owing to the disintegration of traditional families, population ageing, and emigration - already poses a challenge to Serbia and Croatia. It is particularly pronounced at the level of small, underdeveloped emigration municipalities, especially in view of the fact that social care services are funded from local government budgets.

Education and health care quality is inadequate

Both health and education outcomes are unfavourable, reflecting the inadequate quality of the welfare state and further compounding the far-reaching challenges faced by the social sector. These results from the Programme for International Student Assessment (PI-SA) offer a conceivable indicator for assessing both the quality and efficiency of education. The share of stu-

dents having simultaneously low achievements in scientific, reading, and mathematical literacy is very high in all Western Balkan countries, except Croatia (14.5%). However, not even Croatia can be satisfied with its results when compared to most EU countries, where the corresponding figure rarely exceeds 10%. In North Macedonia and Kosovo, this indicator in all three areas exceeds 50% (OECD 2016).

The 2017 data on early school leaving are concerning, particularly in Albania, as over 20% of youth (18-24) who have finished lower secondary education do not participate in further education or training. The disparities compared to the EU (28) are especially pronounced in the sphere of early childhood development and participation in pre-school education in all countries on which data are available. In North Macedonia, only about one child in three attends pre-school education (Eurostat 2019h).

The share of individuals aged 30-34 who have completed tertiary education is low in all countries, especially Albania and Bosnia and Herzegovina, where the figures are almost two times lower than in the EU (28).

The MICS data reveal the extent to which all education indicators are less favourable for the Roma population and other vulnerable ethnic minorities in the Western Balkans. Earlier research in Serbia also shows that, when it comes to functional illiteracy, the educational outcomes of the poorest population are far weaker compared to the general population (Baucal and Pavlović Babić 2009).

Table 4 Selected education and health care quality indicators, 2017

Country / Indicator	Students with low achievements* (%)	Early school leavers (%)	Tertiary educated aged 30-34 (%)	4-year olds in pre-school education (%)	Life expectancy at birth	Infant mortality rate (‰)	Unmet needs for medical examination** (%)
Albania	31.1	19.6	23.5	-	78.5	8	-
Bosnia & Herzegovina	-	5.1	23.8	-	77.1	5.9 (2016)	-
Croatia	14.5	3.1	28.7	67.5	77.8	4	2.7
Kosovo	60.4	12.2	-	-	72	9.7	-
Montenegro	33	5.4	34	64.7	77.3	1.3	
North Macedonia	52.2	8.5	30.6	33.5	76	9.2	4.2
Serbia	28.5 (2013)	6.2	31.4	55.2	76.1	4.7	7.5
EU (28)	-	10.6	39.9	95.6 (2016)	81	3.6	2.3

Source: OECD 2016; Eurostat 2018a; 2018b; 2018c; 2019g; 2019i; World Bank 2019a; Agencija za statistiku Bosne i Hercegovine 2017; 2018a.

Note: * (below level 2) in all three test areas (2015); ** Self-reported (first quintile, too expensive)

Healthcare quality and accessibility are most commonly assessed by two indicators: “life expectancy” and “infant mortality rate”. These are considered to be approximate indicators of population health status.

Despite constant increases, life expectancy in Western Balkan countries lags behind the EU (28) average by between three and five years. Life expectancy in Kosovo is low by European standards at only 72 years and is highest in the region’s most-developed country, Croatia, as well as Albania. However, research by the Institute of Statistics of the Republic of Albania points to a discrepancy between life expectancy data and the general state of Albania’s health sector, especially its infant mortality rate. De Bruijn et al. (2014) assess that there are prob-

lems with incomplete death registration and assert that the life expectancy in Albania is, in fact, lower than claimed: 74.5 years, according to socio-economic indicators.

The infant mortality rate is higher in the Western Balkans than in the EU, and especially high in Kosovo, North Macedonia, and Albania (between eight and 9.7 deaths per 1,000 live births).

Inequality of access to healthcare is another unsatisfactory factor, judging by the higher infant mortality rates of specific ethnic minorities, especially the Roma people. Thus, in Serbia, the infant mortality rate among Roma people living in Roma settlements is twice as high as in the general population, reaching 13 deaths per 1,000 live births (Republički zavod za statistiku

and UNICEF 2015). In Bosnia and Herzegovina it's almost five times as high, at 24 deaths per 1,000 live births (Ministarstvo za ljudska prava i izbjeglice Bosne i Hercegovine and Agencija za statistiku Bosne i Hercegovine 2013), while in Kosovo the infant mortality rate among the Roma, Egyptian, and Ashkali people is as high as 41 deaths per 1,000 live births (Kosovo Agency of Statistics 2014). Such a high infant mortality rate has only been recorded in some South Asian and Sub-Saharan African countries.

The inadequate quality in some countries leads to stratification in using healthcare. The more affluent segments of the population increasingly use private-sector services, which they pay for out of their pocket. Thus, for instance, in Albania, the share of out-of-pocket payments accounted for more than half of total healthcare expenditure (58%) in 2016. The respective share is also high in North Macedonia and Serbia: 35.4% and 40.5% (World Bank 2019b).

Subpar education and healthcare in the Western Balkans call for a sizeable increase in investment, as well as the implementation of reforms to enhance both efficiency and equity of the two systems. Creating budgetary space for higher investment in a time of intense scrutiny on public expenditure is no mean feat, even in much richer societies. The challenge is only slightly alleviated by the awareness of the importance of education and health for the quality of human capital, and thereby also of their impact on com-

petitiveness and economic development.

In terms of complexity, the task of designing and implementing reforms to improve quality and accessibility surpasses even the issue of insufficient funding. Another notable challenge made more difficult by weak administrative capacities is the establishment of a quality-assurance system.

Allocations for the social sector – low and inadequate to ensure social protection; inefficiency issues

Allocations for welfare states in the Western Balkans are below those in the EU (28) in both relative and, especially, absolute terms. Social protection (excluding healthcare) had the largest share of government expenditure across the region in 2017. Allocation for these purposes as a share of the GDP was highest in Serbia (15.4%), owing to the relatively high pension bill. Overall, however, the region lags significantly behind the EU (28) in this area.

Expenditures on education and healthcare are also substantially below the EU (28) average, except in Croatia. The relatively high share of healthcare expenditure in Bosnia and Herzegovina (5.1%) is the result of a complex and highly decentralized governance structure.⁴

Albania and Kosovo are distinct from other countries in the region for their low expenditures on social protection (partly owing to their younger

⁴ The system is highly fragmented and inefficient, with 13 ministries and as many health insurance funds (IMF 2015).

population structure) and very low share of healthcare expenditure (less than 3% of the GDP). Albania is also notable for its very low education expenditure (2.4%).

Table 5 General government expenditure by function as a share of GDP, 2017 (%)

Country/Indicator	Social protection (excluding healthcare)	Health	Education	Total
Albania	9.1	2.9	2.4	14.4
Bosnia & Herzegovina	13	5.1	3.4	21.5
Croatia	14.3	6.3	4.7	25.3
Kosovo	6.3	2.8	4.4	13.5
Montenegro	12.8	4.7	4.2	21.7
North Macedonia	11.6	4.9	3.7	20.2
Serbia	15.4	5.5	3.3	24.2

Source: Eurostat 2019j; BiH Council of Ministers 2019; Government of Montenegro 2019; Kosovo 2019; Republic of Albania Council of Ministers 2019; Republic of Macedonia 2019; Vlada Republike Srbije 2018.

The data on social protection according to the ESSPROS methodology (including healthcare) available in the Eurostat database (Eurostat 2019k) show that, in 2016, Croatia's allocations for these purposes in absolute terms were more than two times lower than in the EU (28) (3,876 compared to 8,233 PPS⁵ per capita). Serbia's allocations were 3.5 times lower and North Macedonia's more than five times lower (2,410 PPS per capita and 1,586 PPS, respectively).

The above data point to several challenges faced by welfare states in the Western Balkans.

Firstly, differences in age profile affect the structure of expenditures, but the low share of healthcare expendi-

ture in Kosovo and Albania is only attributable to these age differences to a small extent, especially in view of certain adverse outcomes in this sphere (e.g. high infant mortality rates). On the other hand, in the long run, curbing healthcare expenditure will pose the greatest challenge to the Western Balkans, considering not only population ageing and rising expectations, but also modern technologies and medicines, which create high pressure to increase allocations for these purposes. Furthermore, if they are to prevent the brain drain among healthcare professionals, Western Balkan countries will also need to raise salaries, at least in some segments of healthcare.

Secondly, the low share of education expenditure, particularly in Albania, reduces the chances of making use of a crucial economic development

⁵ The purchasing power standard (PPS) is an artificial (common) currency unit. Theoretically, one PPS can buy the same amount of goods and services in each country.

potential, and also of reducing inequality and poverty in the long term. Serbian, North Macedonian, and BiH allocations for education are not sufficient either, especially in view of the fact that additional budgetary space would have to be provided within education budgets for quality improvement, inclusion of children with disabilities, early childhood development and education, life-long learning, and reforms relevant to matching labour market needs.

Thirdly, in some countries, part of the social sector budget is “trapped” for political reasons and/or its structure is largely path-dependent (for the elderly in Serbia or veterans in Croatia and Bosnia and Herzegovina, for example). Insufficient allocations for specific purposes, on the one hand, and the unwillingness to reform the benefits awarded to privileged groups (Stubbs and Zrinščak 2015), on the other, or the espousal of clearly inefficient solutions for populist and “purely political” reasons, are not problems specific to Balkan countries, but their consequences are graver under the conditions of widespread poverty and inadequate protection afforded to certain vulnerable groups outside the ranks of the privileged.

Finally, inefficiencies are not present only in the social sector. According to the World Bank’s assessment, in Western Balkan countries the entire public sector is large and inefficient, delivering public services that are too expensive (World Bank 2015: 20). Various indicators show that most Western Balkan countries lag considerably behind developed countries

with respect to government effectiveness and efficiency (World Bank 2018; The World Economic Forum 2018).

STRATEGIC CHOICES AND OPTIONS

Small welfare state focused on protecting the poor

One possible strategic option for Western Balkan welfare states is to (re)focus on relatively low social protection spending, but with a substantial share of cash and in-kind benefits targeting the poorest population.

According to the World Bank’s criteria, in the EU framework this would involve spending on social protection (excluding healthcare) of under 16% and the coverage of the population in the poorest quintile by non-contributory social benefits⁶ of over 60%. The countries in this group are designated as “small balanced welfare states”. By this criterion, Croatia is described as a “limited welfare state” in terms of relatively low spending for these purposes and low coverage of the vulnerable (World Bank 2015: 38).

The choice of a small welfare state is considered appropriate for less-advanced countries, in the interest of the competitiveness afforded by low tax burden and/or the creation of budgetary scope for expenditures conducive to development opportunities.

For most Western Balkan countries, this choice does not represent a prob-

⁶ Social assistance programmes, according to the World Bank terminology.

lem in technical terms, given the current relatively low levels of government spending on social protection and education.

Higher welfare state focus on the poor raises a range of politically difficult issues, as well as substantive choices. Two sets of issues for discussion and analysis ensue. Firstly, what are the entitlements that should be introduced or expanded in each country to provide greater protection to the poor? These could include social assistance, social housing for the most vulnerable, free-of-charge services for poor people with disabilities, free-of-charge long-term care services for the poor elderly, higher amounts of and wider coverage by child allowance and social care services for the most vulnerable families, scholarships for poor students, benefits for vulnerable energy customers, free legal aid, pensions for poor elderly people not covered by insurance, and investments to improve healthcare and education for Roma people living in substandard settlements. The second, even more complex set of issues concerns the shift from categorical to targeted benefits (like benefits for disabled war veterans in Bosnia and Herzegovina and Croatia, or universal entitlements awarded to mothers upon the birth of children of higher birth order in North Macedonia and Serbia), and path dependency in pension reforms.

Universal entitlements

The strategic choice to provide universal entitlements and services in the social sector represents an alternative to a small welfare state focused pri-

marily on the poor. In its “pure” form, this option essentially leads to the establishment of a social-democratic regime (Esping-Andersen 1990) and certainly does not entail a small welfare state.

In the case of Western Balkan countries, a higher presence of universal entitlements and services irrespective of beneficiaries’ material or labour market status would involve universal healthcare and education, universal child allowances, coverage of all elderly people by the pension system, cash benefits and services for all children and people with disabilities, universal and free-of-charge access to social care, childcare, and early-childhood development services.

The advantages of universal versus targeted programmes are usually supported by the argument that they protect poorer people more comprehensively thanks to the elimination of the exclusion error, the electorate’s reluctance to agree on targeted entitlements, the absence of stigma, and the disincentive to work, while for some entitlements and social services the presence of external effects is especially important (typically education, but some parts of healthcare as well) (Gilbert 2002; Mkandawire 2005; Bar 2013). Finally, administrative costs are lower in the implementation of universal entitlements, as are costs to beneficiaries. Beyond ideological frameworks, the key objection to universalism is the high burden of expenditure, as well as the inefficiency of these programmes with respect to poverty reduction, given that substantial funds are spent on the non-poor to

prevent the exclusion error and ensure the protection of the poorest.

Owing to the limitations imposed by the relatively low GDP level, and in some countries also indebtedness and substantial tax burden, this option, on the whole, may only be considered as a possible long-term strategic choice.

From a research perspective, an important question is whether the implementation of certain elements of universal access in the Western Balkans is justifiable in the immediate future. This primarily concerns the appropriateness of a shift to universal healthcare funded from the public budget, in view of the increasingly flexible labour market, widespread grey economy, and other problems resulting in incomplete coverage. Furthermore, the impact of disability on living standards could provide arguments to introduce universal child allowance and/or free-of-charge social care services for children with the most severe disabilities. Some universal entitlements and services could also be granted to the population living in substandard Roma settlements. The issue of universal entitlements is important also in the context of early childhood development, in view of the growing body of evidence of its significance in providing better education outcomes and reducing poverty.

Social investment welfare state

The strategic choice to develop a social investment welfare state essentially involves prioritising certain investments and reforms on the grounds of their importance for human develop-

ment and economic growth. According to some authors, attaching increasing importance to social investment marks a distinct third phase in the development of the welfare state (after the universal and neo-liberal phases) (Hemerijck 2012).

A social investment welfare state implies a focus on raising efficiency, as well as additional investment in education and healthcare, childcare and early childhood development, employment services, active labour market policies, and rehabilitation and training programmes.

For Western Balkan countries with low investments in education and/or healthcare and with highly unfavourable outcomes, such as Albania, the focus on social investment would mean that, in the future, the welfare state should focus chiefly on these very segments of the social sector. The same arguments can be made regarding the distinctly unfavourable education outcomes in Kosovo and North Macedonia, as well as those countries' unfavourable health indicators, in particular the high infant mortality rate. Somewhat paradoxically, as part of their population policies, a number of Western Balkan countries allocate relatively significant funds to encourage more births, while, at the same time, investing insufficient efforts in enhancing early childhood development programmes or antenatal and postnatal care to reduce the mortality of the children already born.

Prioritising education reforms and skills enhancement is, according to some researchers, the key condition for economic growth in the Western

Balkans (Arandarenko and Bartlett 2012). In the context of education, there are several distinct priorities and needs. Failure to recognise the importance of early childhood development and to distinguish between this function and the childcare function in most Western Balkan countries is certainly a theme of particular relevance to social investment.

Clearly, a social investment welfare state would also involve satisfying many competing needs under the conditions of severely constrained budgets. Therefore, a crucial question is what the priorities are in the “investment package” for each individual Western Balkan country, what the additional expenditures are, and how to create budgetary space for additional investment. In view of the high unemployment levels, policies to boost economic activity rates are not a priority in the Western Balkans to the same extent as in countries with an insufficient labour force supply. Additionally, in countries where traditional extended households are still prevalent, the introduction and expansion of work-family reconciliation services are not a high priority in the short term.

In this context, it is also important to assess the extent to which the set of “investment” policies is adequate for the fight against poverty. Indeed, the choice of such an approach may encourage countries to invest more in social sector segments that do not necessarily target the poor (maternity leave, childcare, higher education, and active labour market policies unavailable to specific vulnerable groups –

traditional farmers, for example), and some researchers argue that the shift from the traditional redistributive welfare state to a social investment state at least in part accounts for the disappointing trends in (relative) poverty reduction (Cantillon 2011).

Preventive welfare state

The choice to develop a preventive welfare state would imply a focus on those measures and policies that prevent risks and alleviate the need for poverty-reduction interventions. In historic terms, much more attention was devoted to coping with the risks that had already occurred than to their prevention or mitigation (Holzmann, Sherburne-Benz and Tesliuc 2003).

Certainly, a large part of prevention lies outside the strict purview of the welfare state, primarily in economic and employment policies. In some countries, especially important are measures aimed at disaster prevention (including drought and flood), accident prevention (e.g. reducing traffic collisions), as well as anti-discrimination policies, credit access measures for the poor, and the like.

Within the domain of the welfare state itself, the preventive approach implies a primary focus on areas like education and enhancing skills, labour market policies, public health policies, primary and preventive healthcare, and preventive social work services.

Under this approach, another notable feature is a set of indirect measures referred to by some researchers as pre-distribution (as opposed to redistribution), which should facilitate a more even distribution of market income

(Smeeding 2004; Hacker 2011; Hall 2015). This set of measures includes setting a high minimum wage, strengthening social dialogue and trade unionism to raise market wages, as well as imposing requirements on privately-owned companies to provide better and more generous pensions and healthcare, childcare, and training, to reduce the state and public sector's share in the provision of social protection.

Finally, in a broader sense, social insurance also plays an important role in preventing poverty for those at greater risk.

In the context of Western Balkan countries, two issues warrant particular attention: the place and role of social - especially pension insurance - and pre-distribution policies.

Social insurance benefit schemes prevent the decline of income and living standards due to old age, disability, death of the breadwinner, illness, occupational injury, and unemployment. For most Western Balkan countries, the place and role of the traditionally set-up Bismarck-type social insurance, where entitlements are tied to contribution payment and formal labour market status, emerges as an acute issue. This is primarily due to the fact that social insurance fails to provide security and prevent old age poverty to the entire population, especially in view of the significant share of the informal economy and high long-term unemployment. Under such conditions, it is very difficult to find an adequate solution for pension insurance systems in countries with pronounced ageing, large numbers of

pensioners, and (relatively) high pension bill burden (Serbia, Croatia). Any attempt to redesign the pension system towards the introduction of mandatory private insurance (second pillar, according to the World Bank's terminology) or reduction of the public pay-as-you-go pension insurance (first pillar) inevitably faces substantial transition costs and/or an increase in elderly poverty.

The relevance of the "pre-distribution" option for Western Balkan countries raises numerous dilemmas as well. Firstly, it's debatable whether there is scope for raising minimum wages, given the requirements of competitiveness, potentially adverse impact on employment, and, in particular, their already high ratios to the average wages in all countries except Montenegro (Kovtun et al. 2014). Instead of raising minimum wages, it may be more worthwhile to consider to what extent minimum wages are binding in reality and whether regulation or control mechanisms should be stipulated more precisely to ensure compliance (Aranđarenko 2011). Secondly, social dialogue and the importance of trade unions for setting adequate market-based wages necessitate an analysis of their efficiency, possibility of influencing wage levels, as well as possible impact on unemployment under the given scenario. Thirdly, detailed assessments of the feasibility of shifting costs to private-sector employers are also needed, given the requirements imposed by the drive to boost competitiveness. Finally, the fact that this segment of preventive measures only

provides protection to those who are employed in the formal economy should not be overlooked.

CONCLUSIONS

The challenges faced by welfare states in the Western Balkans are pronounced and, to an extent, specific to the region. Most Western Balkan countries have a relatively low gross domestic product, unfavourable demographic and social situations, and inadequate education and health outcomes, including a number of micro-efficiency issues in the context of low investments in the social sector. High emigration, long-term unemployment, as well as the widespread grey economy are highlighted as specific challenges. The gap between the great needs and meagre resources for social purposes is additionally widened by the inefficient and “failed, weak, authoritarian, and captured/clientelist states” (Stubbs 2005: 73). Changes in family and household structures are among challenges that can be expected to intensify in the immediate future.

There are also other challenges that have not been analysed, such as European integration. The undoubted advantages notwithstanding, the process of European integration will bring challenges ranging from additional expenditures competing with social protection, to the creation of overly high expectations among citizens, imposing priorities and inordinately high standards, or accelerated emigration, which may have a particularly high impact on Western Balkan welfare states in the future.

The multiple challenges facing welfare states in the Western Balkans require the consideration of strategic options for the improvement of social protection and human resources across the region. Some of the options are listed above. For a more acute insight, “theoretical” simplified options are outlined, although the reality will inevitably involve a policy mix that is not necessarily consistent with one single strategic direction. The first option is a small welfare state that is aimed at protecting the poor, which would require the introduction of a greater number of means-tested benefits, as well as the transformation of certain categorical entitlements, which would prove to be politically difficult. The second strategic choice, to provide universal entitlements and services, would be too expensive in the given economic conditions, but the implementation of certain elements of universal access may be justified even in the immediate future. A social investment welfare state, as the third option, implies focusing on the segments and sectors that are important for future economic growth (health, education, and employment) but with questionable effectiveness in terms of poverty reduction. Finally, a preventive welfare state would allow better risk prevention and reduce the need for poverty reduction. If it primarily involves pre-distribution, this will provide protection only to employees in the formal sector, who are not the most vulnerable group in the Western Balkans.

In deliberating on strategic choices and options, it is worth considering three important additional issues.

Firstly, under the conditions of numerous needs and pressures driving expenditures up, and the limited scope for significant tax increases, raising efficiency is an essential part of the response to the challenges faced by welfare states. Raising efficiency is not an alternative, but rather the key complementary strategy and a prerequisite for the pursuit of each of the choices discussed above.

Secondly, in order to formulate and embrace strategic choices, it is necessary to define priorities clearly. Prioritisation is important not only because of financial constraints, but also because of the limited administrative and research capacities that are essential for the preparation and implementation of changes.

Finally, at this stage of the reform, the dilemma is also whether efforts should mainly focus on improving existing systems, introducing new measures and instruments, or changing the paradigm.⁷ Depending on countries' capacities, as well as the state of affairs in some welfare state segments, it is probable that deep reform interventions involving a paradigm shift aren't always the most efficient options, despite their attractiveness. Given limited funds and weak institutions, there is even a dilemma around to what extent the simultaneous implementation of many complex measures

is an acceptable choice, especially if they require substantial investments.

REFERENCES

- Agencija za statistiku Bosne i Hercegovine (2017). *Demografija 2016*. Sarajevo: Agencija za statistiku Bosne i Hercegovine.
- Agencija za statistiku Bosne i Hercegovine (2018). *Prirodno kretanje stanovništva i brakovi u 2017. godini*. Demografija i socijalne statistike. Saopćenje 1. Sarajevo: Agencija za statistiku Bosne i Hercegovine.
- Agencija za statistiku Bosne i Hercegovine (2018a). *Svjetski dan stanovništva*. Demografija i socijalne statistike. Sarajevo: Agencija za statistiku Bosne i Hercegovine.
- Agencija za statistiku Bosne i Hercegovine (2019). *Bosna i Hercegovina u brojevima 2018*. Sarajevo: Agencija za statistiku Bosne i Hercegovine.
- Arandarenko, M. (2011). *Pomoćne strategije za oporavak od krize u jugoistočnoj Evropi*. Studija procene: Srbija. Budapest: International Labour Organization.
- Arandarenko, M., & Bartlett, W. (2012). *Labour Market and Skills in the Western Balkans*. Belgrade: FREN - Foundation for the Advancement of Economics.
- Bar, N. (2013). *Ekonomija države blagostanja*. Beograd: Fakultet za ekonomiju, finansije i administraciju.
- Baucal, A., & Pavlović Babić, D. (2009). *Kvalitet i pravednost obrazovanja u Srbiji: obrazovne šanse siromašnih*. Beograd: Vlada Republike Srbije i Institut za psihologiju.
- BiH Council of Ministers. (2019). *Economic reforme programme for 2019-2021*. Sarajevo. https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/bih_erp_2019-2021.pdf (accessed 24 May 2019).
- Bobić, M., & Vukelić, J. (2011). Deblokada "druge demografske tranzicije"? *Sociologija*, 53 (2), 149-176.
- Cantillon, B. (2011). The Paradox of the Social Investment State. *Growth, Employment and*

⁷ In line with theories of first-, second- and third-order changes, i.e. fine-tuning, changing individual instruments, and fundamental policy change (Hall 1993).

- Poverty in the Lisbon Era. *CSB Working Paper* (11).
- Castles, F. (2003). The world turned upside down: below replacement fertility, changing preferences and family-friendly public policy in 21 OECD countries. *Journal of European Social Policy*, 13 (3), 209-227.
- Castles, F. (2004). *The Future of the Welfare State: Crisis Myths and Crisis Realities*. New York: Oxford University Press.
- De Bruijn, B., Eelens, F., Schoorl, J., Galanxhi, E., Nesturi, M., & Hoxha, R. (2014). *Population and Population dynamics in Albania new demographic horizons?* INSTAT, Republic of Albania Institute of Statistics.
- Esping-Andersen, G. (1990). *The Three Worlds of Welfare Capitalism*. Princeton, New Jersey: Princeton University Press.
- Esping-Andersen, G. (2006). Kakva socijalna država za XXI. stoljeće? Konvergencije i divergencije europskih država. In S. Z. (ur.), *Socijalna država u 21. stoljeću: Privid ili stvarnost?* (pp. 29-60). Zagreb: Pravni fakultet.
- European Parliament (2019). The Western Balkans. Fact Sheets on the European Union. Bruxelles: European Parliament. <http://www.europarl.europa.eu/factsheets/en/sheet/168/the-western-balkans>. (accessed 20 May 2019)
- Eurostat (2018). Candidate countries and potential candidates: demography. Eurostat database. http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=cpc_psdemo&lang=en (accessed 20 May 2019).
- Eurostat (2018a). Early leavers from education and training, age group 18-24. Eurostat database. <https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tesem020&plugin=1> (accessed 23 Oct 2018).
- Eurostat (2018b). Tertiary educational attainment, age group 30-34. Eurostat database. <https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tesem030&plugin=1> (accessed 23 Oct 2018).
- Eurostat (2018c). Infant mortality rate. Eurostat database. <https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&pcode=tps00027&language=en> (accessed 23 Oct 2018).
- Eurostat (2018d). Purchasing power adjusted GDP per capita. Eurostat database. https://ec.europa.eu/eurostat/tgm/table.do?tab=table&plugin=1&language=en&pcode=sdg_10_10 (accessed 20 April 2018).
- Eurostat (2018e). Average household size - EU-SILC survey. Eurostat database. http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_lvph01&lang=en (accessed 20 April 2018).
- Eurostat (2018f). Distribution of households by household type from 2003 onwards. Eurostat database. http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_lvph02&lang=en (accessed 20 April 2018).
- Eurostat (2018g). Divorce indicators. Eurostat database. http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_ndivind&lang=en (accessed 15 April 2018).
- Eurostat (2019). Population change - Demographic balance and crude rates at national level. Eurostat database. http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_gind (accessed 20 May 2019).
- Eurostat (2019a). Fertility indicators. Eurostat database. http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_find&lang=en (accessed 22 May 2019).
- Eurostat (2019b). Population: Structure indicators. Eurostat database. http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_pjanind (accessed 22 May 2019).
- Eurostat (2019c). Emigration by age and sex. Eurostat database. http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=migr_emi2&lang=en (accessed 22 May 2019).
- Eurostat (2019d). At-risk-of-poverty rate by poverty threshold, age and sex. Eurostat da-

- tabase.
http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_li02 (accessed 8 May 2019).
- Eurostat (2019e). Unemployment rates by sex, age and citizenship. Eurostat database.
http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa_urgan&lang=en (accessed 8 May 2019).
- Eurostat (2019f). Employment and activity by sex and age - annual data. Eurostat database.
http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfisi_emp_a&lang=en (accessed 8 May 2019).
- Eurostat (2019g). Candidate countries and potential candidates: education. Eurostat database.
http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=cpc_pseuduc&lang=en (accessed 23 May 2019).
- Eurostat (2019h). Pupils in early childhood and primary education by education level and age - as % of corresponding age population. Eurostat database.
http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=educ_uoe_enrp07&lang=en (accessed 23 May 2019).
- Eurostat (2019i). Self-reported unmet needs for medical examination by sex, age, detailed reason and income quintile Eurostat database.
http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=hlth_silc_08&lang=en (accessed 23 May 2019).
- Eurostat (2019j). General government expenditure by function Eurostat database.
http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=gov_10a_exp&lang=en (accessed 24 May 2019).
- Eurostat (2019k). Expenditure: main results. Eurostat database.
http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=spr_exp_sum&lang=en (accessed 24 May 2019).
- Eurostat (2019l). Candidate countries and potential candidates: labor market Eurostat database.
http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=cpc_pslm&lang=en (accessed 23 May 2019).
- Eurostat (2019m). Enlargement countries - labour market statistics. Statistics Explained.
https://ec.europa.eu/eurostat/statistics-explained/index.php/Enlargement_countries_-_labour_market_statistics (accessed 23 May 2019).
- Gedeshi, I., & Jorgoni, E. (2012). *Social Impact of Emigration and Rural-Urban Migration in Central and Eastern Europe: Albania*. Final Country Report – Albania, European Commission.
<https://ec.europa.eu/social/BlobServlet?docId=8818&langId=en>
- Gilbert, N. (2002). *Transformation of the Welfare State: The Silent Surrender of Public Responsibility*. New York: Oxford University Press.
- Gilbert, N., & Terell, P. (2013). *Dimensions of social welfare policy (eight edition)*. Boston: Pearson.
- Glennerster, H. (2007). The sustainability of western welfare states. *Paper given at CASE seminar November 2007, London School of Economics and Political Science*
- Glennerster, H. (2017). *Understanding the cost of welfare (third edition)*. Bristol, UK; Chicago, IL, USA: Bristol University Press.
- Government of Montenegro (2019). Montenegro Economic Reform Programme 2019–2021. Podgorica.
https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/montenegro_erp_2019-2021.pdf (accessed 24 May 2019).
- Hacker, J. S. (2011). The institutional foundations of middle-class democracy. In *Priorities for a new political economy: Memos to the Left* (pp. 33-38). London: Policy Network.
- Hall, P. A. (1993) Policy Paradigms, Social Learning, and the State. The Case of Economic Policymaking in Britain. *Comparative politics*, 25(3), 275-296.
- Hall, P. A. (2015). Postscript: The Future of the Welfare State. In C. Chwalisz & P. Diamond, *The Predistribution Agenda: Tackling Inequality and Supporting Sustainable Growth* (pp. 255-265). London: Policy network.

- Hemerijck, A. (2012). When Changing Welfare States and the Eurocrisis Meet. *Sociologica*, (1).
- Holzmann, R., Sherburne-Benz, L., & Tesliuc, E. (2003). *Social Risk Management: The World Bank's Approach to Social Protection in a Globalizing World*. Washington, D.C.: World Bank.
- IMF (2015). Bosnia and Herzegovina: Selected Issues. Washington, D.C: International Monetary Fund.
- INSTAT, World Bank (2013). Albania: Trends in Poverty 2002-2005-2008-2012.
- Instituti i Statistikave (2018). Labour Market 2017. Tirana: INSTAT.
- Jessop, B. (1999). Narrating the Future of the National Economy and the National State? Remarks on Remapping Regulation and Re-inventing Governance. In G. Steinmetz, *State Formation after the Cultural Turn* (pp. 378-406). Ithaca: Cornell University Press.
- Josipović, D. (2016). The Post-Yugoslav Space on a Demographic Crossway: 25 Years after the Collapse of Yugoslavia. *Stanovništvo*, 54(1), 15-40.
- Katnić, M., & Golubović, G. (2016). Nacionalni izvještaj o razvoju po mjeri čovjeka „Neformalni rad: od izazova do rješenja“. Podgorica: UNDP.
- Kosovo Agency of Statistics. (2011). Kosovo Population and Housing Census 2011 Final Results MAIN DATA. Pristina: Kosovo Agency of Statistics.
- Kosovo Agency of Statistics (2013). Study on Remittance in Kosovo - 2013. Pristina: KAS and UNDP.
- Kosovo Agency of Statistics (2014). The Roma, Ashkali and Egyptian Communities in Kosovo Multiple Indicator Cluster Survey, Summary Report. Pristina: KAS
- Kosovo Agency of Statistics (2016). Statistical Yearbook of the Republic of Kosovo 2016. Pristina: KAS.
- Kosovo Agency of Statistics and World Bank (2017). Consumption poverty in the Republic of Kosovo 2012-2015. Pristina: KAS
- Kosovo (2019). Economic Reform Programme 2019-2021. Pristina: Government of the Republic of Kosovo.
https://ec.europa.eu/neighbourhood-enlarge-ment/sites/near/files/kosovo_erp_2019-2021.pdf (accessed 24 May 2019).
- Kovtun, D., Meyer Cirkel, A., Murgasova, Z., Smith, D., & Tambunlertchai, S. (2014). Boosting Job Growth in the Western Balkans. International Monetary Fund, Working Paper WP/ 14/16.
- Letablier, T., Luci, A., Math, A., & Thévenon, O. (2009). The costs of raising children and the effectiveness of policies to support parenthood in European countries: a Literature Review. Brussels: European Commission.
- Matković, G., Mijatović, B., & Stanić, K. (2014). Novčana davanja za decu i porodice sa decom u Srbiji. *Stanovništvo*, 52(1), 1-20.
- Mijatović, B. (2014). *Siromaštvo u Srbiji 2011, 2012. i 2013. godine*. Beograd: Centar za liberalno demokratske studije i Tim za socijalno uključivanje i smanjenje siromaštva.
- Milanović, B. (2012). *Bogataši i siromasi: Kratka i neobična istorija globalne nejednakosti*. Beograd: Službeni glasnik.
- Ministarstvo za ljudska prava i izbjeglice Bosne i Hercegovine i Agencija za statistiku Bosne i Hercegovine. (2013). Istraživanje višestrukih pokazatelja (MICS) o romskoj populaciji u Bosni i Hercegovini 2011.-2012: završni izvještaj. Sarajevo: UNICEF.
- Mkandawire, T. (2005). Targeting and universalism in poverty reduction. *UNRISD Social Policy and Development Programme Paper* (23).
- Morel, N., Palier, B., & Palme, J. (2012). Beyond the welfare state as we knew it? In N. Morel, B. Palier & J. Palme, *Towards Social Investment Welfare State? Ideas, Policies and Challenges* (pp. 33-61). Bristol: The Policy Press.
- Nikitović, V. (2016). Dugoročne demografske implikacije niskog fertiliteta u regionu bivše Jugoslavije. *Stanovništvo*, 54(2), 27-58.
- OECD (2016). PISA 2015 Results in Focus. Paris, France: OECD.

- Petrović, M. (2011). Promene bračnosti i porodičnih modela u postsocijalističkim zemljama: zakasnela i nepotpuna ili specifična druga demografska tranzicija? *Stanovništvo* (1), 53-78.
- Republic of Albania Council of Ministers (2019). Economic Reform Programme 2019 - 2021. Tirana.
https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/albania_erp_2019-2021.pdf (accessed 24 May 2019).
- Republic of Macedonia (2019). Economic Reform Programme 2019-2021. Skopje.
https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/north_macedonia_erp_2019-2021.pdf (accessed 24 May 2019).
- Republički zavod za statistiku Srbije (2018). Procene stanovništva Republike Srbije prema polu, starosti i tipu naselja 2013–2017.
- Republički zavod za statistiku Srbije (2018a). Anketa o radnoj snazi u Republici Srbiji, 2017. Bilten 634. Beograd: RZS.
- Republički zavod za statistiku i UNICEF (2015). Srbija: Istraživanje višestrukih pokazatelja 2014 i Srbija: Romska naselja istraživanje višestrukih pokazatelja 2014 - Praćenje stanja i položaja žena i dece - konačni izveštaj. Beograd: Republički zavod za statistiku i UNICEF.
- Schwarz, A. M., Arias, O. S., Zviniene, A., Rudolph, H. P., Eckardt, S., Koettl, J., Immervoll, H., & Abels, M. (2014). *The Inverting Pyramid: Pension Systems Facing Demographic Challenges in Europe and Central Asia*. Washington DC: World Bank.
- Smeeding, T. M. (2004). Public policy and economic inequality: The United States in comparative perspective, *LIS Working Paper Series* (367).
- State statistical office of the Republic of Macedonia (2016). Labour force survey, 2015. Skopje: State statistical office of the Republic of Macedonia.
- Stubbs, P. (2005). Stretching Concepts Too Far? Multi-Level Governance, Policy Transfer and the Politics of Scale in South East Europe. *Southeast European Politics*, VI (2), pp. 66-87.
- Stubbs, P., & Zrinščak, S. (2015). Citizenship and Social Welfare in Croatia: Clientelism and the Limits of 'Europeanisation'. *Journal European Politics and Society*, 16 (3), 395-410.
- Svetska banka (2015). Rast se oporavlja, rizici rastu. Jugoistočna Evropa, Redovni ekonomski izveštaj br. 8.
<http://pubdocs.worldbank.org/en/540001443460184196/SEERER-8-rs.pdf> (accessed 20 April 2018).
- Tesliuc, E., Pop, L., Grosh, M., & Yemtsov, R. (2014). *Income Support for the Poorest A Review of Experience in Eastern Europe and Central Asia*. Washington DC: World Bank.
- UNFPA (2015). United Nations Department of Economic and Social Affairs/Population Division World Population Prospects: The 2015 Revision, Key Findings and Advance Tables. New York: United Nations.
- Vlada Republike Srbije (2018). Treći nacionalni izveštaj o socijalnom uključivanju i smanjenju siromaštva u Republici Srbiji, Beograd.
http://socijalnoukljucivanje.gov.rs/wp-content/uploads/2019/02/Treci_nacionalni_izveštaj_o_socijalnom_ukljucivanju_i_smanjenju_siromastva_2014-2017.pdf (accessed 24 May 2019)
- The World Economic Forum (2018). *Global Competitiveness Report*
<http://reports.weforum.org/global-competitiveness-index-2017-2018/downloads/> (accessed 24 April 2018)
- World Bank (2011). *Social safety nets in the Western Balkans: design, implementation, and performance*. Washington DC: World Bank Group.
- World Bank (2015). EU Regular Economic Report No.2: EU regular economic report two : sustaining recovery, improving living standards. Washington DC: World Bank Group.
- World Bank (2016). Poverty Reduction, Shared Prosperity and Inequality in FYR Macedonia in the post-crisis period (2009-2013). Poverty and Equity Global Practice Europe and Central Asia Region.

- World Bank & Vienna Institute for International Economic Studies. (2017). Western Balkans: Labor Market Trends 2017. Report Number: 113922. <http://documents.worldbank.org/curated/en/289221491270732309/pdf/113922-REVISED-PUBLIC-Regional-Report-Western-Balkan-Labor-Market-Trends-2017-FINAL-A4-Logo-WB-neu.pdf> (accessed 15 May 2018).
- World Bank (2018). The Worldwide Governance Indicators. <http://info.worldbank.org/governance/wgi/index.aspx#home> (accessed 8 April 2018)
- World Bank (2019). Poverty and Equity Data Portal. <http://povertydata.worldbank.org/poverty/home> (accessed 20 April 2019)
- World Bank (2019a). Life expectancy at birth, total (years). <https://data.worldbank.org/indicator/SP.DYN.LE00.IN> (accessed 23 May 2019)
- World Bank (2019b). Out-of-pocket expenditure (% of current health expenditure). <https://data.worldbank.org/indicator/SH.XPD.OOPC.CH.ZS> (accessed 23 May 2019)
- World Bank (2019c). Annual Remittances Data – Migrant Remittances Inflow (% of GD). <http://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data> (accessed 23 May 2019)
- Zavod za statistiku Crne Gore (2014). Istraživanje višestrukih pokazatelja u romskim naseljima 2013, Ključni nalazi. Podgorica: MONSTAT
- Zavod za statistiku Crne Gore. (2018). Statistika dohotka i uslova života Podgorica: MONSTAT
- Zeneli, B., Cosic, E., Dzebo, A., & Zmejkoski, R. (2013). Brain Gain Policies and Practices in the Western Balkans . Belgrade: Group 484 Centre for Migration.
- Žarković-Rakić, J., Clavet, N-J., Tiberti, L., Vladislavljević, M., Anić, A., Krstic, G., & Randelović, S. (2017). Reduction of child poverty in Serbia: Improved cash-transfers or higher work incentives for parents? Belgrade: Partnership for economic policy.

Država blagostanja u zemljama Zapadnog Balkana: izazovi i opcije

GORDANA MATKOVIĆ¹

SUMMARY

Cilj članka je da se sagledaju izazovi sa kojima se suočavaju države blagostanja na Zapadnom Balkanu, kao i strateške opcije za unapređenje socijalne zaštite i razvoj ljudskih kapaciteta u regionu.

Analiza izazova bazirana je na relevantnim statističkim podacima pojedinih zemalja i Evropske unije, a identifikovani su i kanali preko kojih se ostvaruje uticaj pojedinih izazova na državu blagostanja.

Izazovi sa kojima se suočavaju države blagostanja na Zapadnom Balkanu su veliki i delimično specifični. Većina izazova koji su identifikovani u razvijenijim zemljama prisutna je i u regionu, uglavnom u još izoštrenijoj formi zbog niskog nivoa ekonomske razvijenosti, rasprostranjenih socijalnih problema, slabih kapaciteta, ali i usled neefikasnosti. Kao najvažniji identifikovani su nivo razvijenosti koji je nedovoljan za uspostavljanje sveobuhvatne države blagostanja, nepovoljna demografska situacija koja generiše dugoročni pritisak na socijalne rashode, rasprostranjeno siromaštvo i nezaposlenost, promene na tržištu rada, neadekvatan kvalitet ishoda u sferi obrazovanja i zdravlja i niska izdvajanja za obezbeđenje socijalne zaštite. Visoka emigracija, veliki udeo dugotrajne nezaposlenosti, kao i rasprostranjena siva ekonomija su specifični izazovi, a u budućnosti može da se

očekuje da će na države blagostanja posebno da utiču i intenziviranje promena u strukturi domaćinstva, povećanje nejednakosti i ubrzanje evropskih integracija. Postojeći i novi izazovi, ali i potencijalno povećanje ulaganja u socijalni sektor u uslovima rastućih budžeta, nameću potrebu da se preispitaju različita strateška opredeljenja i opcije koje bi omogućile unapređenje država blagostanja na Zapadnom Balkanu.

Među strateškim opcijama analizirane su mala država blagostanja usmerena na zaštitu siromašnih, država blagostanja zasnovana na univerzalnim pravima, država blagostanja u kojoj dominiraju socijalne investicije i država blagostanja usmerena na prevenciju, uključujući i politiku predistribucije koja treba da omogući ravnomerniju distribuciju dohotka koji se zarađuje na tržištu. Zaključci naglašavaju važnost efikasnosti kao komplementarne strateške opcije, kao i neophodnost prioritizacije i fokusiranja, s obzirom na slabe i ograničene administrativne, institucionalne i ekspertske kapacitete.

KLJUČNE REČI

država blagostanja | socijalna zaštita | zemlje Zapadnog Balkana | izazovi | opcije

¹ FEFA fakultet – program Ekonomija, Univerzitet Metropolitani, Beograd (Srbija) |

✉ gordana.matkovic@fefu.edu.rs