

The Millennium Development Goals

How much is Serbia on Track

Belgrade, November 2002

Introduction

At the UN General Assembly in September 2000, 147 heads of State or Governments – and 191 nations in total – adopted the Millennium declaration, recognizing their “collective responsibility to uphold the principles of human dignity, equality and equity at the global level”. In order to accomplish these principles, a set of Millennium Development Goals has been defined. MDG should show, in quantified and monitorable way, the achievements in sustainable development and poverty eradication by 2015 for each country.

This paper gives basic information of the present status of the eight MDGs in Serbia and represents a first effort in monitoring and discovering the best possible ways to reach them by 2015. It is a contribution to the first baseline report that will be developed in partnership with the Government and the UN and other relevant agencies. As such, this report has not attempted to discuss the relevance of the indicators for Serbia and how these could be best adapted. Nor did it tackle the issue of disaggregation by gender and ethnic groups and sub-national and regional territories. These are very important aspects of the MDGs that will be taken up in the subsequent full-fledged report.

The decade of the 1990s for Serbia and FR Yugoslavia was a decade of deep economic, social and political crisis. The war and collapse of former Yugoslavia in the first half of the 1990s, the NATO bombing of Serbia in 1999, the economic sanctions of the UN Security Council against FRY, and many mistakes of domestic economic and social policies, on the other hand, resulted in the sharp decline of economic activity and dramatic increase of unemployment and poverty. In 2000 the level of real GDP per capita was more than halved compared to 1990. One third of the population is estimated to be poor and another third is slightly above poverty line.

The radical political changes in October 2000, the election of new democratic Government in the beginning of 2001 and regaining full membership in the main international organizations and institutions means a new beginning for Serbia. These changes are a basic precondition for introducing economic and social reforms and to start a successful development process. The international community, through donations and concessional loans, gave a strong support to economic recovery in 2001 and 2002.

Now is the right moment to prepare a long-term sustainable development strategy for Serbia which will enable a dynamic economic growth and at the same time secure that all people can benefit from that growth. To achieve this crucial goal, additional international support and partnership is needed. But more than that, what is needed is a firm commitment of the Government toward socio-economic development and poverty reduction, sound domestic strategies, strong institutions and clear policies and an open and flexible consultative and participatory process for all interested social groups. In order to be able to develop such strategies and policies, costing and prioritising different socio-economic policy options based on cost-benefit analysis will need to be made.

The eight strategic MDGs are a powerful tool for monitoring the achievements in human development. Therefore it is essential for Serbia to have a regular reporting on the MDG-s at the country level. A more detailed analysis of development achievements and poverty reduction strategies can be found in “2002 – Human Development Report for Serbia” and in the Interim PRSP (June 2002.).

At the country level, the UN Country Team will support the Government in monitoring progress and preparing MDG Reports. UNDP, as chair of the UN Development Group and as manager and funder of the Resident Coordinator system, will coordinate support for preparing these Reports.

Key Development Indicators – Serbia (without K&M)

Indicator	Value	Year
Population size (mil.)	7.47	2002
Population growth rate (%)	0.14	2002
GDP per capita FRY (000 USD)	1.035	2000
Human Development Index (value)	0.733	1999
Percentage of population bellow 1 USD per day (PPP – values)	35.7	2001
Net enrolment ratio in primary education (%)	97.9	2002
Ratio of girls to boys in primary education (%)	94.3	2002
Under five mortality rate (per 1,000 live births)	11.7	2001
Infant mortality rate (per 1,000 live births)	10.7	2000
Maternal mortality ratio (per 100,000 live births)	9.5	2000
Proportion of births attended by skilled health personnel (%)	98.9	1999
Proportion of people with access to improved sanitation (%)	88.3	2000
Total external debt (mil USD)	11.948	2001
Telephone lines per 1000 people	332	2000

Snapshot Assessment

The trends in achieving the eight MDGs in Serbia between 1990 and 2000 should be assessed very cautiously. The main reason is the dramatic decline of GDP in the 1990s due to deep economic, social and political crisis in the country enforced by long lasting economic sanctions, collapse of former Yugoslavia and its market, war in the region including NATO bombing of Serbia in 1999. These factors contributed mostly to the rapid increase of income poverty in Serbia accompanied by other socio-economic factors explaining huge development gap in the 1990s.

On the other hand, the data and existing trends show that in former Yugoslavia during the socialist – self-management system a lot of attention was given and a considerable amount of financial resources had been allocated in the education area, health and gender equality. This is why MDGs, like achievement of universal primary education promotion of gender equality, reduction of child mortality and improvement of maternal health have been to a considerable extent already achieved in 1990. However, these achievements have not significantly improved during the 1990s, but they also have not seriously deteriorated. This can be seen from international comparisons and changes in the Human Development Index (HDI). In 1990 the HDI (for FRY) was 0.859 and has fallen to 0.733 in 1999 (Serbia without K&M). The main reason for such a slippage is the dramatic decline of GDP per capita as the other two indicators, life expectancy index and education index, have not changed significantly.

Some MDGs linked to other areas of human development, such as combating HIV/AIDS and ensuring environmental sustainability, are expected to be dealt with more in-depth in the next period as an integral part of reforms and transition processes in Serbia.

Progress of a global partnership for development must be seen as a key goal and at the same time as an inevitable mechanism to achieve other MDGs. Serbia has been excluded from global partnership in the 1990s and could not benefit from it. The situation has changed from October 2000 when, after democratic political changes, FRY again became a fully recognized member of the international community. Donations and concessional loans, writing off a large share of foreign debt, extended financial agreement with IMF and loans approved under IDA conditions, expected increase of FDI along with the ongoing transitional and reform processes in the country, all this gives hope that the priority MDG for Serbia – reduction of poverty through pro-poor economic growth which will increase the income of people and secure new jobs – will be achieved in the next years. Implementation of the full Poverty Reduction Strategy Paper (PRSP) will be the main mechanism and institutional framework for this achievement.

Goal 1: Eradicate extreme poverty and hunger

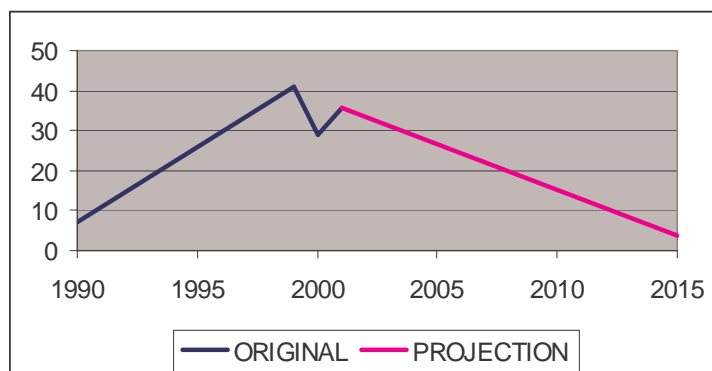
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than 1\$ a day

	1990	1999	2000	2001	2015
1. Proportion of population below \$1 per day (PPP-values)	7.3	40.9	29.1	35.7	3.65
2. Poverty gap ratio	1.0	...	3.1	...	...
3. Share of poorest quintile in national consumption	3.4	1.6	1.5	1.5	...

First and for Serbia the most important goal - eradication of poverty - seems to be now more far away than in 1990. The share of poor population in total in 1990 was only 7.3%. But during 1990s the share of poor population increased dramatically and reached 40.9% in 1999. In 2000 the situation improved slightly. Still, in 2000 approximately one third of population of Serbia (2.8 million) was poor (with average monthly income lower than 30 USD). Among them, more than 18% (1.4 million) lived in extreme poverty with less than 20 USD per month. The situation is even worse as almost 700.000 refugees and IDPs are not included in these data. The poverty index increased from 14.1% in 1990 to 36.5% in 2000. In the same period the poverty gap ratio increased from 1.0% to 3.1% in 2000.

2001, which was the first year of serious economic and social reforms, did not manage to improve the situation of poverty. On the contrary, the share of poor population has increased to 35.7%.

GRAPH 1. Proportion of population below \$1 per day



The main reason for the sharp increase of poverty in Serbia is dramatic decline in income and increase of unemployment. Social exclusion and lack of access to public services was of less importance. The low and relatively stable Gini coefficient (0.28 in 2000) for most of the 1990s shows that decrease in the real income is more important factor in explaining the increase of poverty than the increase in the income dispersion.

The most affected groups by income poverty were urban rather than rural population, households with children, households where the head was unemployed or employed in industry and trade, refugees and internally displaced persons.

The survival strategies for poor families were cutting down on their needs, increase of subsistence economy, reducing savings and selling of property. More than one million was engaged in grey economy (the share of grey economy is 35% - 40% of the officially recorded GDP).

New insight into the extent and causes of rural – urban and regional poverty will be based on a survey on household poverty (sample of 7000 households). But it is already clear that the main directions of poverty reduction strategy must be:

- Dynamic economic growth and massive job creation (more than 800.000 are officially unemployed with unemployment rate of 28%).
- Prevention of new poverty (there are more than 600.000 redundant workers as a consequence of restructuring the economy through privatization).
- Better targeting the most vulnerable groups by active and passive social measures (refugees, IDPs, Roma minority and others).

The full PRSP (which will be completed in summer 2003) will define policies and estimated costs to eradicate extreme poverty by 2015. The Government of Serbia recognizes the multi-dimensional nature of poverty and is firmly committed to such public actions which have highest poverty reduction impact within the existing economic and fiscal constraints and invites the international community to support and participate in this process.¹

Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

There are no official recorded data on Hunger for Serbia. Data on Hunger is not collected because hunger was never a serious issue. However the situation in the last decade has changed dramatically and points to the need for such data to be collected. This is especially true not the least because of the large inflow of refugees and IDPs whose position is very vulnerable, but also because of the large number of people who are now living below or just above the very low poverty line (US\$1 per day).

	Serbia excl. K&M	Central Serbia total	C.Serbia excl. Belgrade	Belgrade	Vojvodina
4. Percentage of children, aged under five, with moderate or severe malnutrition, year 2000*	1.9	2.0	1.9	2.6	1.6
Weight for age -2SD	0.3	0.4	0.4	0.4	0.0
Weight for age -3SD					

* Source: Ten Years of Child Rights in Yugoslavia 1990-2000, A Review, UNICEF

The low birth weight (LBW) figure for the FRY (excluding Kosovo & Metohija) in 1999 is 5.1% (4.9% in 1994) compares favourable to other countries. There is little regional variation in LBW.

According to UNICEF report² a low incidence of LBW reflects a generally good maternal health and intrauterine development. For it to remain low in the FRY throughout the 1990s is an important public health achievement that helps to explain the decade's generally good performance in child mortality and malnutrition.

¹ Interim PRSP for Serbia, 2002

² "Ten Years of Child Rights in Yugoslavia, 1990-2000", UNICEF, Belgrade, 2001

Between 1996 and 2000 child nutrition has deteriorated. The prevalence of moderate and severe underweight has risen from 0.5% to 1.9%. The major nutritional problem of children under five is overweight. There is a need to improve children's diets that contain too little protein, too many saturated fats and complex carbohydrates and smaller amounts of fruit and vegetables as a consequence of large decline of household incomes during the 1990s. The rural prevalence of malnutrition was generally higher than in urban areas. The increase of malnutrition since 1996 is a matter of concern and need to be monitored closely.

Goal 2: Achieve universal primary education

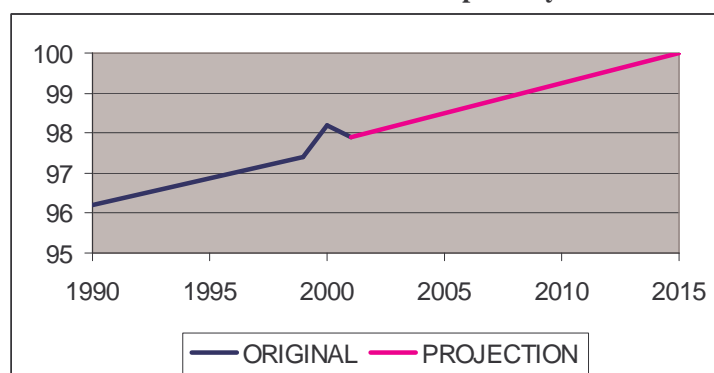
Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Indicator	1990/1991	1999/2000	2000/2001	2001/2002	2015
6. Net enrolment ratio in primary education	96.2	97.4	98.2	97.9	100
7. Proportion of pupils starting grade 1 who reach grade 5	94.2	93.9	93.2	94.6	100
8. Literacy rate of 15-24 year olds	Last available data: Census 1991			99.8	100

Primary (eight years) education is compulsory and tuition free. Ethnic minorities have the right to be educated in their native languages. The quality of teachers is satisfactory (as they have to have a university degree).

One can say that all indicators measuring universal primary education show that this goal has already been achieved in Serbia. The percentage of net enrolment ratio in primary education, proportion of pupils starting grade 1 who reach grade 5 and literacy rate of 15 – 24 year olds, are all in range of 95% - 99%, which show universal equality and accessibility to education.

GRAPH 2. Net enrolment ratio in primary education



However, according to some surveys, the most vulnerable group seem to be the Roma children. There might be some 40.000 Roma children of primary school age who are not enrolled. There is also intensive withdrawal of Roma pupils from school, particularly between 5th and 8th grade and from secondary school. In that context, special attention must be paid to Roma children – and other vulnerable categories -- including education in mother tongue, pre school preparation and securing special schools³.

On the other hand, there are no statistics on the drop out rate of pupils and students. Also, the quality of education in the last decade has been affected severely. Most of the schools are poorly equipped (and

³ "Human Development Report – 2002" (draft)

run-down), textbooks are old and generally there is an inadequate approach to education which still does not reflect the needs of society which is in a transition to modern market economy, a democratic state and European integration.

There are huge urban – rural differences in the utilization of school space. In rural areas the number of pupils is rapidly declining whereas in the cities most of the schools work in shifts. This problem has aggravated because of inflow of refugee and IDPs children in schools that are in urban areas.

On a more general level the reform of education should include teacher training, modernizing the textbooks and improving the allocation of public resources and financing mechanism in order to increase efficiency and quality of education.

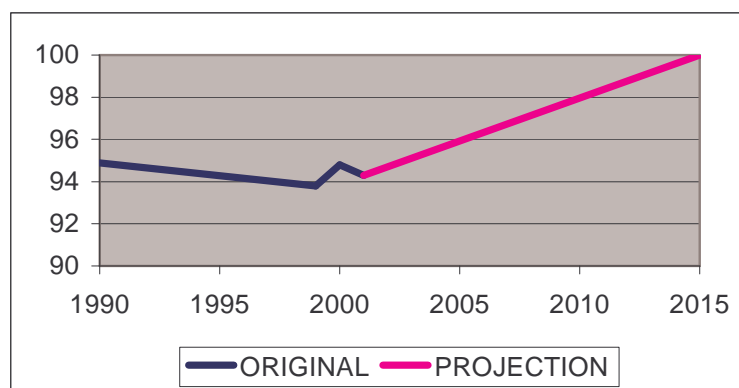
Goal 3: Promote gender equality and empower women

Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015

Indicator	1990/1991	1999/2000	2000/2001	2001/2002	2015
9. Ratio of girls to boys in primary education	94.9	93.8	94.8	94.3	100
Ratio of girls to boys in secondary education	101.6	99.7	103.0	101.2	100
Ratio of girls to boys in tertiary education	108.6	112.4	116.3	114.6	100
10. Ratio of literate females to males of 15-24 year olds	Last available data: Census 1991 88.7				
	1990	1999	2000	2001	2015
11. Share of women in wage employment in the non-agricultural sector	38.6	42.1	42.8	43.2	50
12. Proportion of seats held by women in	6.6	8.3	10.4	10.4	50

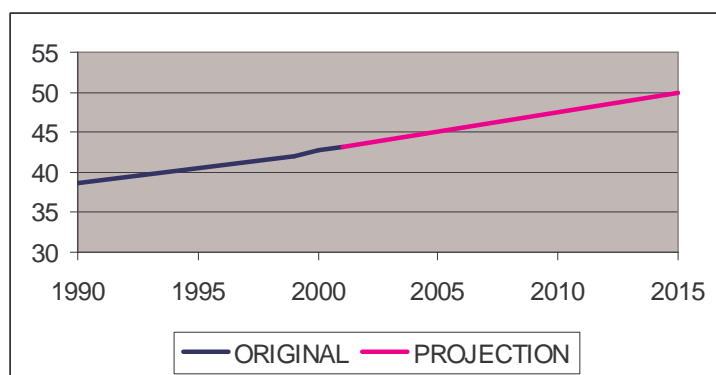
The data clearly show that there is no gender disparity in primary and secondary education. (The ratio of girls to boys in secondary and tertiary education shows that more boys than girls leave schools and start working earlier).

GRAPH 3. Ratio of girls to boys in primary education



The inequality of women is more present in the employment area. Although the share of women in local employment in the non agriculture sector has increased from 38,6% in 1990 to 43,2% in 2001, their »leading« position in the (traditional) family (as a mother and wife) does not give them a chance to participate equally in the economic, social and political life of the country. (According to the UNICEF survey (1997), female employees in Yugoslavia spend 6 hours on housework and only 4.2 hours on their professional duties.

GRAPH 4. Share of women in wage employment in the non-agricultural sector



There is also a difference in wages and salaries, mostly in the case of female employees with lower qualifications, but on the average the differences are not bigger than 10%.

The discrimination of women can be mostly seen from the fact that men dominate managerial and better-paid positions. Also, proportion of seats held by women in national parliament of only 10% shows that men have a dominant position in public and political life.

Such situation demands the establishment of a national programme and a plan of activities that would promote gender equality, particularly in the political life of Serbia. Special attention should be paid to women in traditional rural areas, Roma women, women among refugee and IDPs population.

Goal 4: Reduce child mortality

Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

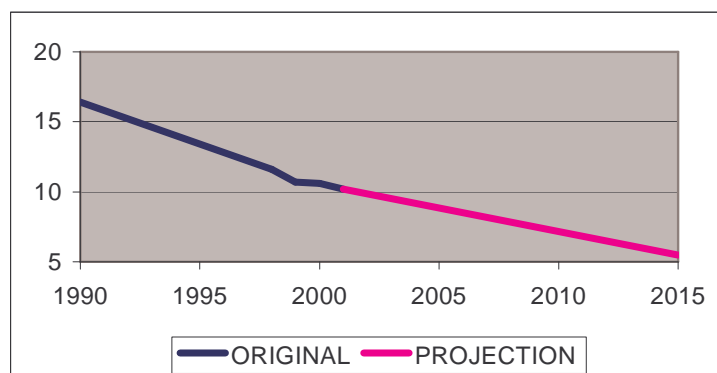
	1990	1998	1999	2000	2001	2015
13. Under-five mortality rate						
Serbia excl. K&M	18.3	13.3	12.7	12.7	11.7	6.1
Central Serbia	19.1	14.1	12.8	12.5	11.9	6.4
Vojvodina	16.2	11.3	12.3	13.4	11.4	5.4
14. Infant mortality rate						
Serbia excl. K&M	16.4	11.6	10.7	10.6	10.2	5.5
Central Serbia	17.2	12.2	11.2	10.7	10.4	5.7
Vojvodina	14.1	9.7	10.2	10.5	9.5	4.7
	1990	1996	1997	2000	2015	
15. Proportion of 1 year old children immunized against measles-FRY (excl K& M)*	83.0	90.1	91.9	90.5	100	

*Source: Ten Years of Child Rights in Yugoslavia 1990-2000, A Review, UNICEF

The trend in reducing child mortality in Serbia indicates the following characteristics:

- § The under – five mortality rate fell from 18.3 in 1990 to 11.7 in 2001 and the infant mortality rate fell from 16.4 to 10.2
- § The regional differences (Vojvodina and Central Serbia) in child mortality have been more expressed in 1990 than in 2001.
- § Proportion of 1 year old children immunized against measles has also been increased from 83.0 in 1990 to 90.5 in 2000
- § Although one can say that according to this MDG Serbia is on track, one should keep in mind that the reduction of mortality rates in the 1990s was not sustained and that in the last three years there were no serious improvements. There was even some slipping behind.

GRAPH 5. Infant mortality rate



The UNICEF study⁴ (2001) shows that in the reduction of infant mortality rate in the 1990s, disproportionately greater progress was made in the more easily preventable diseases (diseases of respiratory system and infectious diseases), while the reduction in death due to prenatal conditions which demands intensive, expert and expensive care was much smaller. Because of deep economic and overall crises in Serbia in the last decade, in the future there will be a need to improve skills and to provide necessary resources for equipment and specialized personnel. Particular attention should be given to prenatal conditions and congenital anomalies which together account for over three quarters of infant deaths.

⁴ Ibidem.

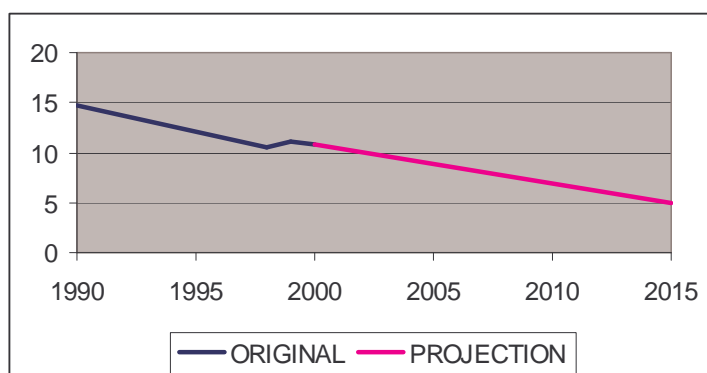
Goal 5: Improve maternal health

Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio

	1990	1998	1999	2000	2015
16. Maternal mortality ratio	...	...	9.7	9.5	...
Central Serbia	14.8*	10.6*	11.2	10.9	4.9
Vojvodina	...	15.1*	5.4	5.3	...
17. Proportion of births attended by skilled health personnel	98.3	...	98.9	98.7	100

*Source: Ten Years of Child Rights in Yugoslavia 1990-2000, A Review, UNICEF

GRAPH 6. Maternal mortality ratio - Central Serbia



Both indicators – maternal mortality ratio and proportion of births attended by skilled health personnel – show that improvement of maternal health in Serbia is on track due to an extensive maternal health programme. Nearly all births are attended by skilled health personnel (obstetrician and a midwife). The achievement of this MDG can better be seen from the absolute numbers: From 73.764 deliveries in Central Serbia in 2000 there have been 7 maternal deaths. In Vojvodina from 18.792 deliveries in 2000 there was 1 maternal death. These figures, however, show certain regional differences between Vojvodina and Central Serbia.

Although the results are favourable in comparisons with other CEE / CIS and Balkan countries there is room for a further reduction of maternal mortality ratio, particularly the improvement in obstetric care⁵.

⁵ UNICEF, *ibidem*

Goal 6: Combat HIV/AIDS, malaria and other diseases

Target 7: Have halted by 2015, and begun to reverse the spread of HIV/AIDS

According to the UNICEF analysis (up to 2000) there have been 860 AIDS cases reported. Thus far, seven cases of mother - to child transmission have been reported. Between 5.9 new AIDS cases per 1 million inhabitants in the past 3-4 years have been reported and the AIDS mortality rate (AIDS deaths per 1 million inhabitants) has fallen from 8 in 1995 to 3 in 2000. There is a rough estimate that in Serbia some 10.000 inhabitants are infected by HIV. The survey shows that about 50% of new infected are in the age between 15 and 24. The results of the survey have also showed that only a small percentage of risk groups use condoms. The Ministry of Health has more detailed data on HIV/AIDS, but it is necessary to introduce internationally comparable data in this area.

Although the new Government has started several activities to increase public understanding about HIV/AIDS, there is still a lot of room for action, particularly health information campaigns in under-developed regions. More reliable epidemiological data on HIV/AIDS must be introduced. Also, the availability and affordability of condoms need to be increased.

Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases

	1990	1998	1999	2000	2015
21. Prevalence and death rates associated with malaria - total*					
Affected	15	17	25	16	0
Died	0	1	0	0	0
23. Prevalence and death rates associated with tuberculosis - total**					
Affected	4149	4234	3825	4139	2000
Died	381	379	387	379	190
24. Proportion of TB cases detected and cured under DOTS (Directly Observed Treatment Short Course)	...	40.4	30.5	...	20.2

* Malaria cases have been imported, data are for FRY

**Data are for FRY

One should note that all malaria cases have been imported. Data, given for FRY, show that the number of affected, though small, is increasing and prevention practices and control has to be intensified.

For Serbia of more serious concern are prevalence and death rates associated with tuberculosis. This is a long-term problem for Serbia and has been from the beginning treated with great care. System of prevention and medical treatment is well developed. In spite of these efforts, the deep economic and overall crisis in 1990s deteriorated the situation. The number of new affected and who died from tuberculosis has not changed significantly between 1990 and 2000. This is a clear indicator of poverty increase and malnutrition in Serbia during 1990s. Within the Poverty Reduction Strategy special attention must be paid to improve economic and social status of most vulnerable groups where tuberculosis is mostly widespread.

Goal 7: Ensure environmental sustainability

Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

	1979	1990	1997	2000
25. Proportion of land area covered by forest	20.2	...	...	28.0
26. Land area protected to maintain biological diversity (%)	...	3.0	5.0	...

Ensuring environmental sustainability in Serbia has only partially been achieved. The rapid socialist industrialization of the country in the post - second world war period, with an emphasis on heavy industry did not take much care of environmental considerations, such as carbon dioxide emissions and other pollutions.

The industrial structure of Serbian economy and its changes during the deep economic crises have also contributed to the decrease of energy efficiency. The energy consumption has fallen from 16 million t. (oil equivalent) in 1990 to 12.5 million t. (oil equivalent) in 2001 (by 23%). As the value of GDP in 2001 was only about 50% of what has been achieved in 1990, one can see that the energy consumption per unit of GDP has increased by 50%. The increase of energy efficiency will take place alongside the technological modernization of Serbian economy and after increase of the share of manufacturing and services in GDP. This process has started in 2001 with privatization and restructuring of Serbian economy.

There have been some efforts to increase the land area covered by forest and to increase the protected land area to maintain biological diversity. The proportion of land area covered by forest has increased from 20.2% in 1979 to 28.0% in 2000, with a plan to reach about 37% in 2015 (The EU standard is 30%).

As to maintain biological diversity and protection of nature some progress has been achieved in the last decade⁶. Up to 1990 in Serbia 266.583 ha or 3.01% of the space has been put under protection. Up to 1997 the protected areas have increased to 438.243 ha or 5% of the surface of Serbia. There is an urgent need to further develop the net of protected natural goods and secure systematic monitoring of nature and protected areas as a key precondition for implementation of sound environmental policies.

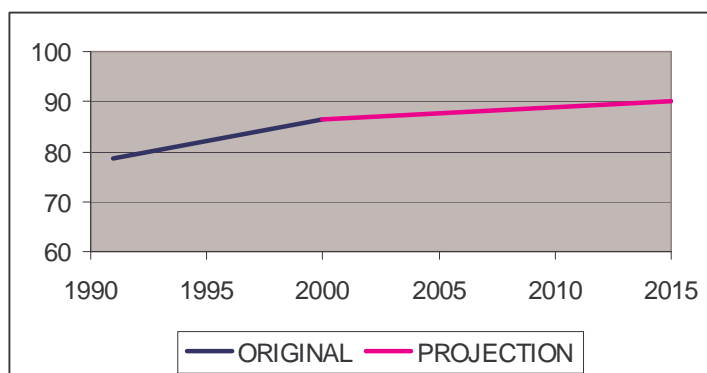
Data for CO₂ per capita are not available for Serbia yet. Hydro Meteorological Agency of Serbia has completed only preliminary analysis. Annual average values for some important statistical indicators of air pollution (data 2000) are: SO₂ - 50 mg/m³; soot – 50 mg/m³ and accumulated substances – 200 mg/m³.

⁶ "Protection of Nature", Institute for Protection of Nature of Serbia, Belgrade, 1998

Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water

	1991	1998	1999	2000	2015
29. Proportion of population with sustainable access to an improved water source	78.7	...	...	86.6	90.0

GRAPH 7. Proportion of population with sustainable access to an improved water source



If a more restricted definition of access to safe drinking water is used, then the proportion of the population using drinking water piped into the dwelling or yard/plot rose in Serbia from 78.7% in 1991 to 86.6% in 2000. In spite of being on track according to this target one should also note some serious problems. In 2000 some 30% of urban households experienced sporadic interruptions and 5-7% experienced daily interruptions in water supply. Water quality is unsatisfactory, particularly in some rural areas (where wells are used) and areas occupied by refugees and IDPs, due to increase demand of water⁷.

There was no investment in this sector for many years and low prices and low collection of revenues kept poor maintenance through the 1990s. The 1999 NATO bombing directly damaged water networks in many towns and also damaged chemical factories, causing water and soil pollution.

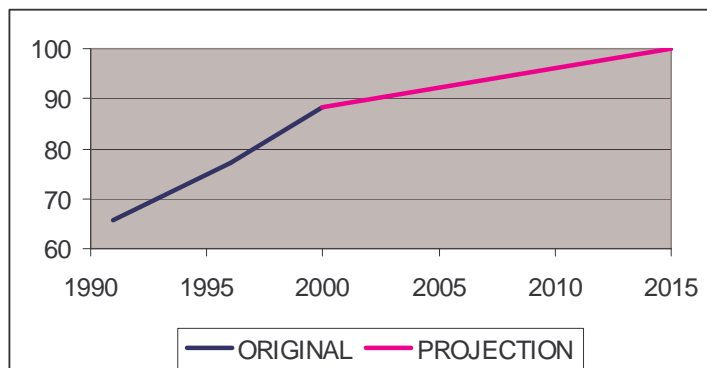
This problem has been recognized by the donors. In 2001 and 2002 a part of donations and concessional loans was allocated in this area.

⁷ UNICEF (2001), ibidem

Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

	1991	1996	1999	2000	2015
30. Proportion of people with access to improved sanitation	65.8	77.0	...	88.3	100

GRAPH 8. Proportion of people with access to improved sanitation



The proportion of people with access to improved sanitation (percentage of households with flush toilets linked to a sewage system or septic tank) has increased from 65.8% in 1991 to 88.3% in 2000. Further efforts will need to focus on those areas where households rely on well water and at the same time have a septic tank, as there is a higher risk of exposure to contaminated water.

From the environmental point of view, a bigger problem for many municipalities is garbage disposal as only 54.7% of households have their garbage taken away by public utility.⁸

According to 1991 census, there is no serious slum problem in Serbia. Less than 1% of housing units can be defined as slums (without any facility like electricity, sanitation etc.)

⁸ UNICEF (2001), *ibidem*

Goal 8: Develop a Global Partnership for development

Target 12: Develop further an open, rule-based, predictable, non-discriminatory trade and financial system

	1990	1998	1999	2000
32. Net ODA in mil. USD	...	108	676	1.135
33. Proportion of ODA to basic social services (basic education, primary health care, nutrition, safe water and sanitation)	22%

*Source: OECD Development Assistance Committee, 2002

The new Government of Serbia in close co-operation and with the support of the international community has initiated activities within a number of fields to develop a solid platform for further economic and social development, including: a) privatization of state and socially owned enterprises through a transparent and market oriented process; b) improving access to capital through the restructuring of the financial sector and by changing the legislative framework; c) creation of an attractive environment for economic growth and for FDI through legislative reforms; d) signing free trade agreements with the neighboring countries; e) removing of administrative barriers for the establishing of SME and other enterprises. To achieve planned development and reform targets the Republic of Serbia needs significant financial assistance from international community. It is estimated that around 5 billion USD (until 2005) of foreign assistance is needed to stimulate development of the Serbian economy. In the last two years the total amount of official development assistance has significantly increased (especially emergency aid) in comparison with the 1990s. However, maintenance of large future inflows (grants and soft loans), together with FDI is one of the basic preconditions for sustainable development over the long term.

Target 15. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

Comprehensive breakdown of debt service ratio in the period of 1990s cannot be presented since FRY had almost completely stopped to repay its obligations in that period. In November 2001 the new Government reached an agreement on the restructuring of the Paris Club debt (roughly 40% of total external debt), involving a two-phase 66% write-off (first phase including 51% of debt has entered into the force after FRY had signed Extended Agreement with IMF, while the remaining 15% will be written-off upon successful completion of the EA). Debt restructuring negotiations with other official bilateral and the London Club creditors are underway, with the authorities aiming for terms broadly similar to those in the Paris Club agreement. Still, the size of total foreign debt (10.996 millions USD including Kosovo and Metohija as of June 30th 2002⁹) will demand larger capital outflows in the following period. It is estimated that debt service to exports ratio will be around 14% average in the 2002-05 period and around 22% average during 2006-10. It is predicted that the increase in debt services will not seriously affect macroeconomic stability, as large foreign direct investment inflows and strong export growth are expected in the same period.

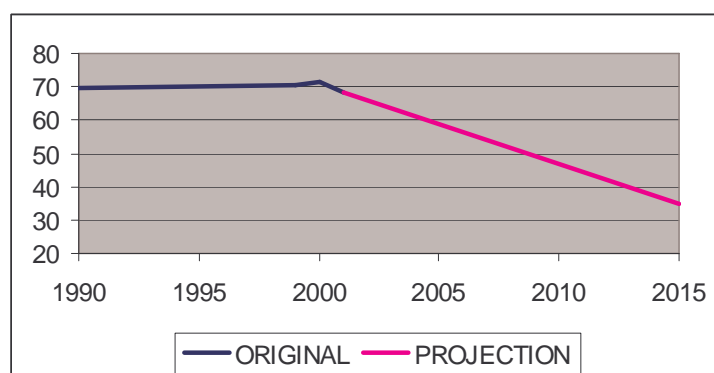
⁹ Source: National Bank of Yugoslavia

Target 16. In co-operation with developing countries, develop and implement strategies for decent and productive work for youth

	1990	1999	2000	2001	2015
45. Unemployment rate of 15-24 year olds	69.4	70.5	71.6	68.2	35

The unemployed rate of 15-24 year olds is very high and did not significantly change between 1990 and 2001. In 1998 the share of 15-24 year olds in the overall unemployment was 40.3%. In 2001 this share has decreased to 27.8% due to new private sector development. These figures firmly confirm the necessity for a strategic approach to poverty reduction by ensuring a dynamic pro-poor economic growth accompanied with creation of new jobs in the emerging private sector.

GRAPH 9. Unemployment rate of 15-24 year olds



Target 17. In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries

In Serbia, health legislation mandates health insurance contributions for the employed. The Health Insurance Fund covers an estimated 93% of population, which includes access to essential drugs on sustainable basis. On the other hand, as a consequence of dramatic decline in GDP in the 1990s, per capita health insurance expenditures for Serbia have dropped from 200 USD in 1990 to 40 USD in 1999, which has affected heavily the access to essential drugs¹⁰. The parallel development of private health sector, including pharmacies, improved the supply of essential drugs, but with much higher prices than in the public services. The new Government is preparing reform of the health system with the main goal to preserve principles of access and equity to the health services including the access to essential drugs.

¹⁰ UNICEF (2001), ibidem

Target 18. In co-operation with the private sector, make available the benefits of new technologies, especially information and communications

	1995	1998	1999	2000
47. Telephone lines per 1000 people	...	308	328	332
48. Personal computers per 1000 people	14.2	...	20.7	22.6

The development of new technologies, especially information and communication got a fresh push in 2001 and 2002. The privatization of telecommunication is underway and considerable foreign direct investments in this area are expected. There has also been a great effort (supported by donations) to increase the number of PCs in research, education, health and other public services and utilities. The Government is helping this process by allowing tax-free sale of PCs. But clearly more needs to be done in this area.

Serbia in International Comparison

	Goal 1		Goal 2	Goal 3	Goal 4	Goal 5	Goal 6		Goal 7		Goal 8	
	Eradicate extreme poverty and hunger		Achieve universal primary education	Promote gender equality and empower woman	Reduce child mortality	Improve maternal health	Combat HIV/AIDS, malaria and other diseases		Ensure environmental sustainability		Develop a global partnership for development	
	Target 1: Halve the proportion of people whose income is less than 1\$ a day	Target 2: Halve the proportion of people who suffer from hunger	Target 3: Ensure that all children can complete primary education	Target 4: By 2015 eliminate gender disparity in all levels of education	Target 5: By 2015 reduce the under-five and infant mortality by two thirds	Target 6: By 2015 reduce the maternal mortality ratio by three quarters	Target 7: Have halted by 2015, and begun to reverse the spread of HIV/AIDS	Target 8: Have halted by 2015 and begun to reverse the incidence of major diseases	Target 9: Integrate the principles of sustainable development into country policies and reverse the loss of environmental resources	Target 10: Halve the proportion of people without sustainable access to safe drinking water	Target 17: Provide access to affordable, essential drugs in developing countries	Target 18: In co-operation with private sector make available the benefits of new technologies
Bulgaria	..	On track	..	..	Behind	..	..	On track	On track	..	Behind	Far behind
Malta	On track	Slipping back	On track	On track	On track	On track	On track	On track	Slipping back	On track	Slipping back	On track
Latvia	On track	..	Slipping back		On track	Achieved	On track	On track	On track	On track	On track	On track
Hungary	On track	..	Slipping back		On track	On track	On track	On track	On track	On track	On track	On track
Romania	On track	..	On track		Slipping back	Behind	On track	Slipping back	On track	Slipping back	Slipping back	Slipping back
Cyprus	On track	..	On track		Achieved	On track	On track	On track	On track	On track	On track	On track
Serbia	Behind	..	Achieved	On track	On track	Achieved	..	Slipping back	Slipping back	On track	Slipping back	On track

Conclusions

- In 1990 Yugoslavia was the most advanced country in the region and, at that time, had the best starting point for a successful transition to modern market economy and democratic society. Slovenia was the only one of the former Yugoslav republics that used this advantage and managed to become the most successful transition country, with development performances close to the standards of EU. Slovenia has already achieved or is on track to achieve all MDGs.
- Croatia, although being deeply involved in Yugoslav crisis until 1996, managed to be on track in achieving the eight MDGs. Part of the explanation is in the already high standards achieved in education, health and other areas until 1990 during socialist, self-management system.
- Among other countries in the region, Hungary passed successfully the early stages of transition, increased its level of development and, together with Slovenia, is going to become the only member of EU in 2004 from this region. Along with these achievements, Hungary is on track with all MDGs (except Goal 2).
- Bulgaria and, particularly Romania are lagging behind in transitional processes. The two countries experienced slow economic growth in 1990s and achieved only small improvements in the living standard of people. Such situation is directly reflected in slipping back of some important MDGs.
- In spite of the efforts to modernize economy and society during the 1990s, Albania is, according to the MDGs, the least developed country in the region. The heavy burden of isolation and dictatorial regime mixed with traditional way of life in the period 1945-1990 demands a long-term strategy of socio-economic development in order to achieve the MDGs by 2015.
- The position of Serbia in comparison with countries in the region only confirms the results of MDGs analysis in the previous chapter. Serbia is doing relatively well in those development areas (education, health, gender equality) where results have already been achieved before 1990. These achievements are favourably comparable to other countries in the region. On the other hand, the main difference between Serbia and other countries (except Albania) is seriously lagging behind in reduction of poverty. This unfavourable comparison is a clear signal that poverty reduction and eradication must be the priority goal in Serbia and that all growth and development strategies must be pro – poor oriented. The challenge for Serbia is to sustain the past achievements and avoid further slipping back.