SOCIAL PROTECTION RECEIPTS AND EXPENDITURES
WESTERN BALKANS POLICY ANALYSIS LABORATORY

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RECEIPTS AND EXPENDITURES

- In the long term social protection receipts balance with social protection expenditure
- In the short or medium term this is not the case
- In two-thirds of EU states receipts exceeds expenditure (including Croatia)
- In WB countries the gap between social protection expenditure and receipts is small (approx. 0.5% GDP) or it doesn’t exit
Receipts and expenditures, 2016 (% GDP)

<table>
<thead>
<tr>
<th></th>
<th>EU (U28)</th>
<th>BA</th>
<th>HR</th>
<th>MK</th>
<th>RS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts</td>
<td>29.6</td>
<td>19.9</td>
<td>22.9</td>
<td>14.2</td>
<td>19.9</td>
</tr>
<tr>
<td>Expenditures</td>
<td>28.1</td>
<td>19.4</td>
<td>21.3</td>
<td>14.2</td>
<td>20.3</td>
</tr>
</tbody>
</table>
Receipts and expenditures, 2016 (PPS per inhabitant)

<table>
<thead>
<tr>
<th></th>
<th>EU (U28)</th>
<th>BA</th>
<th>HR</th>
<th>MK</th>
<th>RS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts</td>
<td>8,668</td>
<td>1,827</td>
<td>4,173</td>
<td>1,588</td>
<td>2,367</td>
</tr>
<tr>
<td>Expenditures</td>
<td>8,227</td>
<td>1,779</td>
<td>3,878</td>
<td>1,586</td>
<td>2,410</td>
</tr>
</tbody>
</table>
Issues to discuss

- Low expenditures, especially in MK, both in absolute and relative terms
- Is there awareness that expenditures are low? Is it considered positive because it creates room for other investments (small welfare state)?
Receipts of SP schemes by type, 2016, (% of total receipts)
Comments

BA

- Why is the share of social contributions higher than in other WB countries?
- Is decentralization the reason? (Cantons do not pay child allowances, social assistance and other non contributory benefits)

MK

- MK is approaching social democratic and liberal regimes. Departure from Bismarck or low social insurance benefits?
Expenditures by functions, 2016 (% GDP)
Comments

- Sickness/Health very low MK (high infant mortality rate, uninsured?)
- Old age, very low both MK and BA (poverty of pensioners, II pillar)
- Children/family, very low BA consequences of decentralization
- Social exclusion, very low both MK, BA
% of total benefits

- Social exclusion n.e.c.
- Housing
- Unemployment
- Family/Children
- Survivors
- Old age
- Disability
- Sickness/Health care

EU
BA
HR
MK
RS
Comments

- The structure similar to EU – MK (disability and survivor pension)
- Share of spending on survivors and disability higher than spending on old age – BA
- RS dominant spending on old age
## General government expenditure by function, 2017 (% GDP)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>AL</th>
<th>BA</th>
<th>HR</th>
<th>XK*</th>
<th>ME</th>
<th>MK</th>
<th>RS</th>
<th>EU (28)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social protection (excluding healthcare)</td>
<td>9.1</td>
<td>13.0</td>
<td>14.3</td>
<td>6.3</td>
<td>12.8</td>
<td>11.6</td>
<td>15.4</td>
<td>18.8</td>
</tr>
<tr>
<td>Health</td>
<td>2.9</td>
<td>5.1</td>
<td>6.3</td>
<td>2.8</td>
<td>4.7</td>
<td>4.9</td>
<td>5.5</td>
<td>7.0</td>
</tr>
<tr>
<td>Education</td>
<td>2.4</td>
<td>3.4</td>
<td>4.7</td>
<td>4.4</td>
<td>4.2</td>
<td>3.7</td>
<td>3.3</td>
<td>4.6</td>
</tr>
<tr>
<td>Total</td>
<td>14.4</td>
<td>21.5</td>
<td>25.3</td>
<td>13.5</td>
<td>21.7</td>
<td>20.2</td>
<td>24.2</td>
<td>30.4</td>
</tr>
</tbody>
</table>
Social protection (excluding healthcare) had the largest share, highest in RS (15.4%), owing to the relatively high pension bill.

The expenditures on education and healthcare are also substantially below the EU (28) average, except in HR. The relatively high share of health care expenditures in BA (5.1%) is a result of a complex and highly decentralized governance structure.

Al and XK are distinct from others for their low expenditures on social protection, (partly owing to their younger population structure), very low share of health care expenditures (less than 3% of the GDP), and Albania also for its very low education expenditures (2.4%).
Social exclusion and housing outcomes and expenditure