

Economic Sanctions, Health, and Welfare in the Federal Republic of Yugoslavia 1990 - 2000



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Prepared by Richard Garfield RN DrPH



Disclaimer

This report presents the views and analysis of the author and does not represent the position of OCHA, UNICEF or any other organisation.

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The Federal Republic of Yugoslavia



The boundaries and names shown and the designation used on this map do not imply official endorsement or acceptance by the United Nations

Abbreviations Used in the Text

BiH	Bosnia and Herzegovina
CSCE	Conference on Security and Cooperation in Europe
EU	European Union
ECHO	European Community Humanitarian Office
GDP	Gross Domestic Product
GNP	Gross National Product
GSP	Generalized System of Preferences
ICRC	International Committee of the Red Cross
IDPs	Internally Displaced Persons
IFRC	International Federation of Red Cross and Red Crescent Societies
NGOs	Non-governmental Organisations
OCHA	Office for the Coordination of Humanitarian Affairs
SAMs	Sanctions Assistance Missions
UN	United Nations
UNESCO	UN Education, Science and Culture Organisation
UNSC	United Nations Security Council
UNDP	United Nations Development Programme
UNICEF	United Nations Childrens Fund
US	United States
WFP	World Food Programme
WHO	World Health Organisation

Foreword

From 1991 to 2001 the Federal Republic of Yugoslavia (FRY) was subject to a wide range of economic and diplomatic sanctions. It was widely assumed that sanctions severely and negatively affected the living conditions of the population and the social infrastructure of the country. In truth, however, it was never clear how, to what extent, or in what ways such effects occurred. As a consequence, much debate took place on the issue without the benefit of quantified or reliable information on the sanctions' impact. For this reason UN humanitarian agencies working in Belgrade, launched an inter-agency assessment study, co-funded by UNICEF and OCHA, to evaluate the impact of sanctions on the humanitarian situation in FRY. The study was led by Richard Garfield RN DrPH, Clinical Professor from Columbia University in New York and Visiting Professor at London School of Hygiene and Tropical Medicine in London. Dr. Garfield is a specialist in assessing humanitarian conditions among civilians with extensive experience in sanctions-related assessments in other countries through the 1990s.

This study is primarily a tool for vulnerability assessment and programming in FRY. It should also contribute to wider understanding of the complexity of the analysis of sanctions impacts. Although all sanctions against FRY were lifted by early 2001, the humanitarian impact of sanctions will most likely continue for some time to come. The results of this study should help orient international efforts to ensure that assistance is appropriate and effective. The study also has important implications for the ways that multilateral sanctions can be instituted in the future to reduce humanitarian damage. In view of great increase in donor interests towards FRY since the democratic change occurred in October 2000, this study will be useful in pointing toward priority areas for not only humanitarian but also transitional assistance.

As an inter-agency endeavor the study greatly benefited from the information and expertise shared by our colleagues from the UN in FRY, as well as experts from the FRY and Serbian Government, our NGO partners and numerous local experts. I would like to express my appreciation and gratitude for their cooperation.



Steven Allen

UN Humanitarian Coordinator/ Resident Coordinator a.i.

1. Summary

The republics of the Federal Republic of Yugoslavia (FRY) experienced many social and economic threats during the 1990s. Among these were economic sanctions imposed by the United States (US), the European Union (EU) and the United Nations (UN). This report documents changes in living conditions in the FRY through the 1990s and identifies the extent to which economic sanctions contributed to worsened health and well-being. Though the threats were many, humanitarian damage attributable to sanctions was limited. We examine the resources, resilience, and adaptations that prevented worse humanitarian damage from occurring. Suggestions are made to assist the FRY to recover following sanctions and recommendations to improve humanitarian protections during future economic sanctions. This report presents the views of the author and not necessarily those of collaborating individuals or organisations.

In 2001 the FRY consisted of Republic of Serbia and Republic of Montenegro. Within Republic of Serbia, besides Central Serbia, there are two autonomous provinces, Vojvodina and Kosovo & Metohija. The only unambiguous and uncontested administration of the FRY is the Republic of Serbia territories of Central Serbia and autonomous province of Vojvodina. During the 1990s Slovenia, Croatia, Bosnia and Herzegovina and Macedonia became independent of the former Yugoslavia.

The last sanctions against the FRY were lifted in January 2001. The measures - ranging from a visa ban to trade and arms embargoes - were established first to discourage warfare, then to bring compliance with the Dayton Peace Accords of 1995, and finally to oppose the actions of the Milosevic government in Kosovo. But they also hindered economic recovery, encouraged a burgeoning grey economy and black market and restricted access to essential humanitarian goods. Estimated GDP declined from \$3,420 per capita in 1989 to \$1,390 in 1993. Between 1993 and 1999, more than half the people were impoverished, unemployed, refugee or displaced. In all, humanitarian assistance to Serbia in 1990s probably totalled between US \$5bn and \$10bn. In per-capita terms, this level of assistance was perhaps unmatched in any other recent crisis.

The humanitarian impact of sanctions

Economists estimate that the impact of sanctions on the FRY economy was less severe than were the secession of 4 of the 6 republics of the former Yugoslavia, central government mismanagement, and the destruction inflicted by NATO bombings in 1999. Loopholes and inadequate enforcement of sanctions also mitigated their impact. They were nonetheless severe enough to retard economic recovery. The cost of fuel increased three-fold, crippling the energy sector and leading to frequent power cuts and fuel shortages, leaving many homes without heat. The regime politicised energy supplies by making less coal and oil available to communities that voted against the Milosevic government in 1996. In turn, the European Union supplied 34 opposition communities in its 'energy for democracy' programme. Though amounting only to small energy stocks, the confusion of political and humanitarian criteria in this programme made a considerable contribution to obscuring the human rights-related objectives of sanctions.

In principle, humanitarian goods were exempt from the sanctions imposed on the FRY. In practice, such goods were limited in many ways. Financial sanctions interrupted or froze outside sources of support, including remittances from family members abroad, pension payments, and funds for private voluntary agencies. Even international humanitarian organisations were affected. In 2000, for example, the ICRC and ECHO arranged to fund the local purchase of 4,000 tons of wheat for the WFP in Belgrade. Funds and

approval went from Brussels via Geneva to a bank in Germany, where they were frozen. After a month's delay, the funds were re-routed via a bank in another country and only reached Belgrade because that bank failed to institute sanction controls.

Restricted cultural and social contacts led to intellectual and scientific isolation. Professionals were barred from international travel, denied scientific information, cut off from international research funding, shunned by professional organisations and excluded from the international mail system. Many of the people most capable of responding to the country's humanitarian needs were thus limited and discouraged from acting. The effects of this isolation may take more time to correct than the economic blows of the 1990s.

Faced with sanctions and other economic threats, people adapted. The gradual rise in importance of the private sector in all areas, including education and health, weakened the social fabric, encouraged disrespect for social norms, and created inefficiencies and imbalances in the economy. Until the 1990s, the state provided cradle-to-grave social benefits, including a well-developed health care system with few user fees. By the end of the 1990s, most medicines and medical procedures were purchased privately, leaving some IDPs, refugees and other vulnerable groups at a distinct disadvantage. Survival depended increasingly on political or family connections, charitable help from humanitarian organisations or black-marketsteering. Drug use, domestic violence, and the proportion of young people reporting psychological or emotional trauma rose.

The impact of external sanctions was magnified by the Milosevic government, which imposed its own internal measures to limit access and increase profits for government-related importers. Thus, while essential drugs including insulin and basic antibiotics were in short supply, a smuggler's market meant that certain expensive non-essential and 'luxury' products were widely available. The government's internal controls on access to, and the price of goods - including humanitarian goods - were perhaps as important as the international limits imposed by sanctions. These restrictions allowed access to basic entitlements and opportunities to be abused, thus worsening economic and social discrimination. Rather than responding to the needs of vulnerable groups, sanctions thus contributed to vulnerability among women, those living on pensions, those not well connected politically, and those earning only salaries in the formal sector of the economy.

The bureaucracy of sanctions

The UN sanctions committee authorised the delivery of humanitarian goods, providing a mechanism by which medicines and related products could be imported. The procedure for requesting an exemption was complex, confusing and time-consuming. The committee was quickly overwhelmed with the volume of requests, and lacked the expertise to assess them. Even requests from the ICRC and the WHO sometimes failed to elicit timely responses. Up to half of the funds available for medical imports could not be used because of the lack of timely approvals from the sanctions committee.

WFP and UNICEF carried out important humanitarian assessments and provided services to needy groups. Other groups with predominant mandates in cultural or economic development were far more limited. UNDP had only an observer mission in Serbia until 2000, and UNESCO and the World Bank never fielded missions. WHO could only field a humanitarian assistance mission as its constitution does not permit full technical offices in countries that are not currently members of the UN. This prevented assistance for health systems reform that might have improved the appropriateness or efficiency of health programs.

After sanctions

These problems paled in comparison to the unanticipated impact of the lifting of UN sanctions in 1996. It was widely assumed that this would mark a return to 'business as usual'. Instead, the result was often no business at all. Firms had withdrawn their representatives from the FRY during sanctions and sold goods under the authority and legal protection of the UN. The sanctions committee used FRY funds frozen in international accounts to pay for many medical imports. Without these guarantees and supervision by the sanctions committee, firms in the FRY ran up bad debts and lost the confidence of sellers. With a smaller and unstable market after sanctions, continued instability in relations with the FRY, and on-again, off-again sanctions among the states in the region, many firms believed it economically or politically too risky to sell their goods there. Ironically, the end of UN sanctions resulted in decreased access to imported medicines. There is insufficient awareness of the continuing consequences of sanctions, and of the need for the continued facilitation of trade to protect supplies of humanitarian goods.

Lessons for the future

While not part of the stated intentions of sanctions, cultural and intellectual isolation was one of its major impacts. Confusion about sanctions rules and the potential for discrimination against people in a sanctioned country are great. Sanctioning bodies should make clear that such isolation is not among their goals and work to facilitate communications, including mail and Internet, if they are permitted under sanction rules.

Sanctions committees of the UN and other international organisations have a particularly important role to play. Sanctions committees have established to judge which goods should be allowed into a sanctioned country. They could instead be given a more activist charge, to assure a 'humanitarian corridor' - assisting the country to acquire approved goods. A sanction committee should also help ensure that permitted goods can be purchased, and should encourage such sales during and after the sanctions period. These committees could also monitor humanitarian conditions, and identify and facilitate response to the needs of vulnerable groups.

The status of UN humanitarian organisations working in countries that are not currently UN members should be reviewed. The current arrangement of 'observer' missions, which are limited in providing scientific information and technical assistance with potential humanitarian benefit, should be revised. It may require the creation of new norms for observer missions to avoid contributing to intellectual and cultural isolation.

Monitoring the humanitarian impact of sanctions should begin as soon as they are under consideration, and should continue throughout the period of sanctions. It is sobering that in Serbia well-trained professionals, using good data systems, believed that the major impact of sanctions was a rise in infant mortality. Not only was this not true, but infant mortality declined more in the FRY than in any other country in the region in the 1990s. At the same time, a rise in mortality rates among adults went unnoticed. Impartial monitoring by international authorities throughout the period of sanctions can draw attention to substantive problems, help identify vulnerable groups and facilitate a more effective response to the difficulties of those in greatest need, both during sanctions and during a transition period after they end.

The FRY case shows that monitoring should not only focus on humanitarian conditions, but also on the effectiveness of sanctions exemptions. Monitoring needs to be country-specific. The high level of obesity in Serbia, for example, renders traditional crisis measures of malnutrition insensitive to changes in living conditions. National-level monitoring should, wherever possible, be supplemented by local-level assessments. Monitoring should include not only outcome measures related to mortality, but also process indicators related to mental health, social cohesion, and identity. Such moni-

toring could increase the capacity of local communities to raise funds, set priorities, identify groups and individuals at greatest need and engage in local capacity-building to speed recovery. Rather than just one-time snapshots of the situation, assessments should be carried out periodically and multi-sectorally.

2. Sanctions Timeline

Early 20th Century

The use of sanctions as a political tool has a long history in the Balkan region. Austria-Hungary imposed an embargo on Serbia from 1906 - 1911 in a prelude to WW I. The Soviet Bloc embargoed the new state of Yugoslavia when the latter refused to take part in military and economic pacts in 1948. The US bloc responded with credits and humanitarian assistance amounting to more than US \$250 million (1).

Sanctions in the 1990s

In response to FRY military actions against Croatia and Bosnia, the foreign ministers of the European Community (EC) terminated a trade agreement, imposed an arms embargo, and froze all EC financial aid to the FRY on July 5, 1991. Acting unilaterally the United States two months earlier suspended insurance for US investments in Serbia. On July 11 the Bush administration endorsed the EC arms embargo and suspended all US sales and the transfer of arms and defence articles to Yugoslavia. France and Austria urged UN involvement.

In Croatia and Bosnia-Herzegovina (BiH) this process had been almost completed when fighting began. Accordingly, although the arms embargo was applied uniformly on all warring factions in Yugoslavia, it had an uneven impact, providing advantage to the Yugoslav Federal Army and its Serbian paramilitary allies. These groups didn't need to procure foreign weapons or equipment because they had access to Yugoslav federal military stockpiles and to most of the plants producing armaments in Yugoslavia.

On 8 November 1991, in an effort to bring compliance with the cease-fire in Croatia, the EC imposed trade sanctions on ex Yugoslavia republics and unsuccessfully urged the UN to impose an oil embargo. On Dec. 2 the EC lifted its trade sanctions and restored economic aid to all the republics except Serbia and Montenegro.

Mild US trade sanctions issued on Dec. 6, 1991 were directed against all the Yugoslav republics. The President suspended duty-free treatment for Yugoslav imports under the Generalised System of Preferences (GSP), US aid programs under the Support for East European Democracy Act, and imports of Yugoslav textiles and textile products under the bilateral textile agreement. These blanket US trade sanctions remained in place until April 7, 1992, when the US recognised the independence of BiH, Croatia, and Slovenia and lifted sanctions against these republics as well as Macedonia.

On May 20, 1992, in retaliation for a Serb attack two days earlier on a Red Cross convoy carrying supplies to Sarajevo, the US suspended landing rights for Yugoslavia's national airline, JAT, thereby terminating the only direct air service between the US and Yugoslavia.

On 30 May 1992, the UN, acting under Chapter VII, banned all flights to and from Serbia and Montenegro and imposed broad economic sanctions against these two republics. It blocked assets and prohibited imports and exports of all commodities and products except for supplies intended strictly for medical purposes and foodstuffs approved by the Sanctions Committee. The number of diplomatic staff was reduced at embassies and sporting, cultural, and scientific exchanges were suspended.

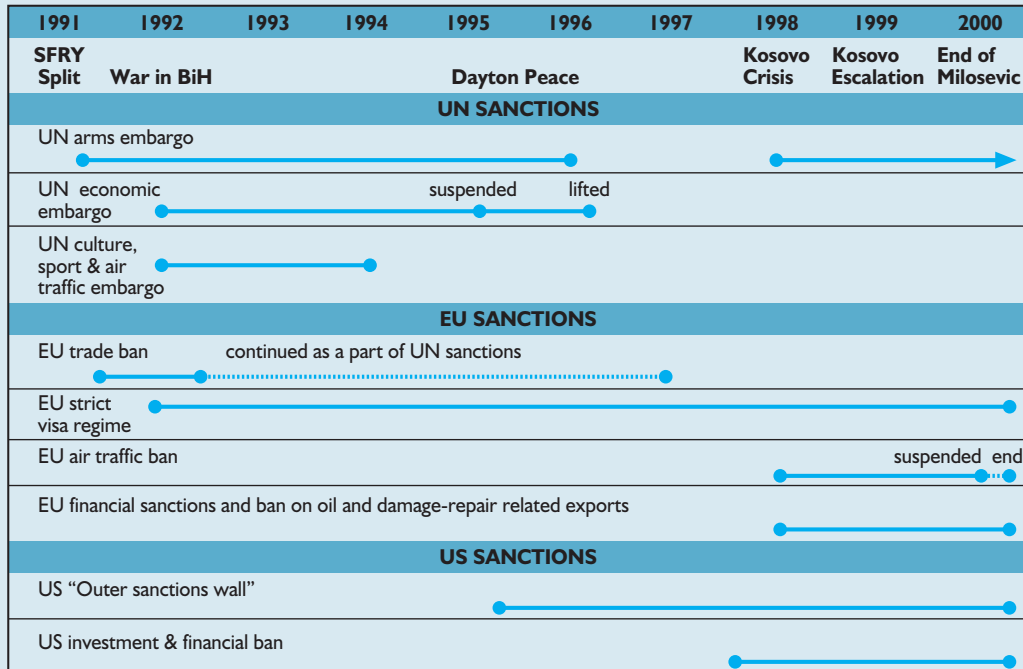
On 18 June UNSC Resolution 760 broadened humanitarian exemptions to include trade in commodities or financial transactions for essential humanitarian purposes. On

Sanctions Timeline

November 18, 1992, Resolution 787 called on states to comply more strictly with sanctions imposed by previous resolutions and added trans-shipped energy and other strategic products. A strict visa issuance regime was instituted that year to restrict travel by FRY residents to EU countries or the US.

Figure 1: Timeline of International Sanctions against FRY

Source: OCHA Belgrade (5)



The embargo provided a loophole by allowing temporary entry of goods into Serbia and Montenegro for transshipment. But once goods entered Serbia and Montenegro, it was difficult to verify that they did not remain there. Conversely, forged certificates of origin made it difficult to ensure that commodities and products exiting Serbia and Montenegro had not originated there.

Widespread violations of the trade embargo against Serbia and Montenegro led the Conference on Security and Cooperation in Europe (CSCE) to establish sanction assistance missions (SAMs) in Hungary, Romania, Bulgaria, and Macedonia, where they operated jointly with the EC sanctions monitoring missions. In each of these border nations the SAM consisted of a European, United States, and Canadian customs officials, led by a representative of one of the participating CSCE countries and supported by a small staff. Each SAM filed reports and sent documentation relating to suspected violations to the SAM Communications Center in Brussels, which, in turn, forwarded these to the relevant national authorities for investigation. No SAMs observed the borders with Croatia and BiH, which remained uncontrolled.

SC Resolution 787 authorised the use of force to ensure strict compliance with the naval interdiction of Serbia and Montenegro on the Adriatic. Similarly, the Resolution authorised the use of force to ensure compliance with the blockade on the Danube. Although the resolution did not entirely eliminate exceptions for trans-shipments, it did prohibit trans-shipment through Serbia and Montenegro of strategic commodities such as oil, natural gas, metals, tires, and vehicles, unless specially authorised on a case-by-case basis by the Sanctions Committee.

The Milosevic government supported and co-operated with UN sanctions on BiH. In September 1994, the Security Council issued Resolution 943 to ease its sanctions against the FRY. This resolution provided for the suspension of sanctions on the ferry service between Italy and Montenegro, resumption of civilian air traffic, and participation in international sporting events and cultural exchanges for renewable periods of 100 days. On that same day, the Council issued Resolution 942 to further tighten the UN embargo in territory under the control of the Bosnian Serb forces. It banned their paramilitary forces, government leaders, and those assisting them from travelling abroad; imposed economic sanctions against all Bosnian Serb individuals and entities; and closed all river traffic in those areas of BiH under their control.

On 22 November 1995, the day after the Dayton Peace Accords on BiH were signed, Resolution 1022 suspended indefinitely all previous sanctions measures established by the UN. On 2 October 1996, Resolution 1074 abolished the UN sanctions committee and left the restoration of bilateral relations to individual states.

On 27 February 1996, 3 days after the UN's IFOR Commander reported resumption of contacts with the Bosnian Serb military and the withdrawal of all Bosnian Serb forces behind the separation zones, trade and economic sanctions against the Republika Srpska in BiH were suspended. This was followed by a suspension of US prohibition on financial transactions early in 1996. This suspension did not, however, unblock assets seized during 1992 - 1995.

Following annulment by the Yugoslav courts in November 1996 of municipal elections won by opponents of President Milosevic, mass demonstrations against the regime were held in Belgrade during November - mid January. On December 3, as the police threatened to use force against the demonstrators, the US warned of the possibility that sanctions might be reinstated.

On 29 April 1997, the US re-established permission for FRY to export to the US. In June the EU restored preferential trade status only to cancel it again in April 1998. Still in place from the EU and the US were diplomatic sanctions, preventing the FRY from membership in the UN, OSCE, NATO's Partnership for Peace, the International Monetary Fund, the World Bank, and the European Bank for Reconstruction and Development. US Executive Order 13088 on 9 June 1998, imposed new financial sanctions. Some transactions permitted since the suspension of the previous sanctions regime in 1995 were again prohibited. New investment was prohibited, US firms could not engage in financial transactions, and FRY assets in the US were frozen. The travel ban to the US was re-employed, though in practice no direct travel routes had been re-established since the suspension of the travel in 1995.

In March 1998 the UN reinstated an arms embargo in response to heightened conflict in Kosovo. On 9 June 1998 the US reasserted its asset freeze and prohibited all imports and exports and any commercial activity by US citizens within the FRY. The same legislation exempted commercial sales of food and medicine for civilian use. The oil embargo was re-established. In September 1998 the EU reinstated a travel ban. These measures were strengthened after NATO air strikes during March - June 1999.

On May 7 1999 the EU reinstated an asset freeze. On June 8 it prohibited new investment in Serbia except for Montenegro. The EU imposed more stringent restrictions on June 15. Goods for the repair of damage caused by NATO bombings were prohibited. Visa bans introduced in June 1999 prohibited about 800 people close to Milosevic from travel.

The EU initiated further restrictions to prevent business or financial transactions with firms associated with the FRY government in April 2000. A 'white list' of firms permitted to trade was published in July and reached full implementation in August.

Following September 2000 presidential and federal elections and an uprising on October 5th following Milosevic's refusal to recognize electoral defeat, the head of state

changed from Milosevic to Kostunica and the opposition won majority in the Federal Parliament and sanctions started to be withdrawn. Within 6 weeks the EU and the US ended their travel ban, relaxed diplomatic restrictions, and readmitted the FRY to OSCE and the UN. The US, British, French and German embassies were reopened and steps were taken toward the readmission of FRY to membership in the World Bank. The only remaining sanctions by year's end were prohibitions against transactions with firms and banks of the government. These were eliminated January 19, 2001. Only visa bans against some close associates of Milosevic and asset freezes of the accounts of 600 individuals associated with the Milosevic government or war crimes remained in place after that date. There was talk, however, of the possible imposition of new sanctions if the FRY government failed to extradite Milosevic to the Hague war crimes tribunal.

Other Sanctions in the Region

Fearing a separatist movement in the Greek province of Macedonia, Greece in September 1994 banned all trade with the newly independent state of Macedonia. In August 1994, Greece closed its border with the state of Macedonia, in effect imposing a unilateral embargo against its land-locked neighbour. Denied trade with Serbia by the UN embargo, Macedonia had become dependent on Greece for most of its inbound and outbound trade. Greece ceased to supply oil to Macedonia, while it allegedly continued to ship oil to Serbia and Montenegro in violation of the UN embargo. The EU denounced the Greek embargo as a violation of EU law. In 1995 the state changed its name to "The Former Yugoslav Republic of Macedonia," and removed the Vergina Star from its flag. Greece lifted its embargo later that year. In addition to Macedonia, the bordering countries of Romania, Bulgaria, Albania, Hungary, and the Czech and Slovak Republics had lost a primary market with the dissolution of Yugoslavia and suffered from loss of trade due to the UN embargo. Russia and the Ukraine had historically used the Danube as their trade route to Serbia and were similarly affected.

The government of FRY, while decrying sanctions against it as 'unprovoked and unjustified', nonetheless imposed economic sanctions on neighbouring republics. The Serbian Central Committee of the former Yugoslavia boycotted goods from Slovenia starting on 1 December 1989 to punish its support to Kosovo Albanians' rebellion.

The FRY also co-operated with the UN trade embargo on BiH, denying all but humanitarian supplies to the Bosnian Serbs until they agreed to the Dayton Peace Accords. On 4 August 1994, Milosevic pledged support for the peace plan and imposed an economic and trade embargo of the FRY against the Bosnian Serbs. Members of the International Contact Group, meeting in Berlin on 6 September, agreed to support the suspension of some UN sanctions against the FRY if the latter allowed the deployment of international monitors on its territory to verify the implementation of this new embargo against the Bosnian Serbs.

On February 2, 2000 the Serbia government sanctioned the only other remaining republic of the FRY, Montenegro. Montenegro had been exempted from some of the sanctions against the rest of the FRY and enjoyed formal and informal linkages with neighbouring states, especially Italy, which were not available to Serbia. In retaliation for Montenegrin profiteering, the supply of food and other subsidised supplies from Serbia were cut off.

3. Sanctions Background

In the 20th century sanctions have widely been seen as a less violent alternative to warfare. Sanctions were considered the prime tools for hostile foreign policy under the League of Nations; their political importance was reasserted with their presentation as the major coercive policy tool in the charter of the United Nations. From the 1950s - 1980s, few sanctions appear to have had a major humanitarian impact. In a two-super-power world there were few non-aligned states against which sanctions might be effective. Either bloc could build an alliance with any country cut off by the other. Economic sanctions became a more common tool of hostile foreign policy since the end of the cold war, in the last decade of the 20th century. Especially after US troops pulled out of Somalia and became mired in Bosnia in the early 1990s, sanctions become the policy of choice prior to, instead of, or after wars in the one super-power world of the 1990s. There had been only two UNSC sanctions prior to 1990, while during the last decade of the 20th century 13 embargo regimes were established. See Table 1.

Table 1. UN Sanctions, Source (3)

Southern Rhodesia	217 (20-11-65)	Arms and oil embargo	1965-1979
	232 (16-12-66)	Calls for member states to suspend economic relations	
	253 (29-05-68)	Sanctions Committee formed	
	460 (21-12-79)	Sanctions lifted	
South Africa	418 (04-11-77)	Arms and oil embargo	1977-1994
	421 (09-12-77)	Sanctions Committee formed	
	919 (25-05-94)	Sanctions lifted	
Iraq/ Kuwait	661 (06-08-90)	Comprehensive trade sanctions; Sanctions Committee formed	1990-present (Kuwait until April 19991)
Iraq (only)	670 (25-09-90)	Air embargo	
	687 (03-04-91)	Cease-fire resolution; full trade embargo remains pending Iraqi fulfillment of established conditions	
	712 (19-09-91)	Initial authorization of oil-for-food arrangements	
Somalia	986 (14-04-95)	Subsequent authorization of oil-for-food	1992-present
	733 (23-1-92)	Arms embargo	
	751 (24-4-92)	Sanctions Committee formed	
Libya	733 (23-1-92)	Arms and air embargoes; diplomatic sanctions; Sanctions Committee formed	1992-present
	883 (11-11-93)	Libyan government funds frozen; ban on oil equipment	
Liberia	788 (19-11-92)	Arms embargo	1992-present
Haiti	841 (16-6-93)	Oil and arms embargo; foreign assets frozen; Sanctions Committee formed	1993-1994
	861 (27-8-93)	Suspension of oil and arms embargo following signing of Government Island agreement	
Angola	873 (13-10-93)	Oil and arms embargo reinstated	1993-present
	917 (6-5-94)	Sanctions expanded to trade and financial assets	
	944 (29-9-94)	Sanctions lifted effective 16-10-94	
Rwanda	864 (15-9-93)	Arms and oil embargo against UNITA; Sanctions Committee formed	1994-present
	918 (17-5-94)	Arms embargo; Sanctions Committee formed	
Sudan	1011 (16-8-95)	Sanctions lifted 1-9-96 for Rwandan government; still in effect for non-government forces	1996-present
	1054 (26-4-96)	Diplomatic sanctions	
	1070 (16-8-96)	Conditional imposition of air embargo effective in 90 days; deferred pending further examination of sanctions effects	

In the increasingly global economy, weak states can be made weaker, and sovereignty may be threatened by economic and political destabilisation.

Since at least the Middle Ages there have been codes designed to protect civilian non-combatants in war. Among the protections standard among these codes are the prohibition of exploitation of civilians. If one group of combatants uses civilians for human shields, they commit a war crime. The opposing force is not, however, absolved of their responsibility to protect civilians; they also commit a war crime if they attack the group illegally using civilians as shields. Abuse of rights by one side in an international conflict is not considered a legally acceptable excuse for the other side to also do so.

The Universal Declaration of Human Rights and the Convention on the Rights of Children strongly condemn actions which impede the provision of shelter, health services, food, or otherwise deny goods needed for survival. Their rights to health, health care, education, and security are routinely violated when essential goods aren't permitted. Further, governments and the UN system are obliged to uphold the international law principles of non-intervention and sovereignty; sanctions may violate both of these principles.

It can be argued that regimes which fail to protect their own citizen's rights or attack those of others forfeit some sovereignty rights and invite international humanitarian intervention. When such interventions come only as attacks by rich countries on poor countries, or when that intervention further violates a population's rights, positive aspects of the older principle of the inviolability of sovereignty become clear.

Sanctions (except when they occur during wars) fall under customary and international law, not the laws of war. Yet as sanctions often occur prior to, during, or immediately following a war they may be considered an extension of the coercive acts of war and thus come under the principles of humanitarian law. Like other human rights violations, an individual must show damages in order to seek redress via customary law. It is very difficult to hold sanctioning authorities legally accountable for the impact of sanctions on civilians for two reasons. Firstly, the impact of trade sanctions is a collective experience, individual damages are seldom attributable solely or predominantly to sanctions. Secondly, there is seldom a straightforward relationship between sanctions and the negative impacts experienced by civilians. Humanitarian damage often may result from the combined and cumulate effect of a variety of events. When this is the case, it may be impossible to specify the amounts or types of damage caused by sanctions alone.

The Experiences of Other Sanctioned Countries

In studies on sanctions in Cuba, Haiti, and Iraq, the economic crisis associated with sanctions reduced the marriage rate, thus reducing the birth rate. In Cuba and Haiti but not Iraq, small-scale agriculture drew people away from the cities, leading to an increase in the proportion of all people in rural areas.

Many of the coping strategies used in Haiti are similar to those in the other countries. The 80% of Port-au-Prince families living in marginal areas without basic services were the first to feel the impact of repression and the embargo. Some 300,000 people fled the city for rural areas. Though poor and living at subsistence level, farming families were able, by depleting food stocks, to provide for some of survival needs of their unemployed urban relatives. In addition, during the crisis international food aid was more plentiful in rural areas.

In all three countries, informal sector employment was an economic refuge. This included food preparation, tailoring, barbering, shoe polishing, tire repair, handicraft production, and petty commerce. Declining incomes forced people to reduce household expenditures. The quality and quantity of foods declined. The dominant staple food changed from rice to plantains and then to breadfruit. The time mothers spent at the market, or travelling in search of income also reduced the time they had for meal preparations, breast-feeding and other child care activities.

In Cuba, but not Iraq or Haiti, government stepped up its efforts to monitor humanitarian conditions and manage the distribution of scarce resources equitably. Indeed, the weak governmental or private sector infrastructure available to deal with the crisis in the latter two countries multiplied the impact of resource shortages on the general population.

Sanctions Background

Table 2. Comparative Indicators of Humanitarian Conditions in Countries Before and After Sanctions

Source (3)

	Cuba 1992	Cuba 1996	Iraq 1990	Iraq 1996	Haiti 1990	Haiti 1994
Average Calorie Availability	3100	1865	3150	2277	2125	?
Calories Available via Ration	1400	1200	N/A	1500	N/A	N/A
Gross Domestic Product per capita in current U.S. \$	2000	1300	3508	540	370	250
% Mothers Breast-feeding	63	97	60	80	?	96
% of Births Under 2500 GMS.	7.3	8.7	4.5	22.1	10	15
% of Calories Imported Prior to Sanctions	50		70	less than 50%		
Malnutrition Among Under Fives: (% under 2 S.D. of Norm)						
Stunting (Chronic)	>5	>5	>22	32	?	32
Underweight (Mixed)	>5	>5	>12	23	18	28
Wasting (Acute)	>5	>5	>3	11	?	8
Value of National Currency/\$	1	35	1	1500	7	15
Value of Imports for Health (Millions)	\$70	\$135	\$500	\$50		
Value of Sanctions-Related Lost Production		\$2 Billion		\$120 Billion		\$ 850 Million
Value of Humanitarian Assistance		> \$1 Billion		\$1 Billion		\$250 Million
Minimum Estimate of Excess Deaths per Year of Sanctions		7500*		5500**		27,000***

* Among adults over age 65

** Among children age 1-4 years

*** Among children age 0-4 years

[Note: sanctions against Cuba began in 1964. They were tightened in 1993]

4. Study Methods

This study uses an approach proposed in 1998 (3) based on indicators in five major areas to identify baseline conditions prior to implementation of sanctions. It uses secondary data sources to monitor changes over the 10 years of sanctions and crisis. These areas include:

1. Public health
2. Economics
3. Demographics, indicators of population living standards and movement (including refugees and internally displaced people)
4. Governance and civil society
5. Indicators of coverage and dependence on humanitarian activities

Because considerable information was available for the FRY in other subject areas, supplemental indicators were drawn upon in:

6. Social welfare
7. Education
8. Human rights
9. Curative health care services

As this study began nine years after sanctions were initiated, it was possible to collect baseline indicators only retrospectively. A wealth of data was available for baseline and ongoing monitoring. Five main criteria were used to specify indicators:

- Data availability - data should be available from existing sources;
- Replicability - there should be a good chance of obtaining updated data in future, for dynamic review of the sanctions context, and comparison with the baseline;
- Relevance to vulnerability - they should be useful in identifying vulnerable groups;
- Effects of sanctions - they should cover socio-economic variables that may be affected by sanctions;
- Quantifiability - quantitative variables are used to facilitate comparison across countries and over time within Serbia. Qualitative variables are also used to capture those factors that cannot reliably be quantified.

The following sources were utilised:

- Semi-structured interviews during August, October, and November 2000 with people in UN agencies in FRY, local and international NGOs, governmental employees responsible for humanitarian programs before and after the October elections, and university and think-tank researchers;
- Focus groups were held with high school students and psychologists in Valjevo, FRY in August, with public health workers of Belgrade in October, and with academics in Belgrade in November;
- Statistical annuals of the governments of FRY and Serbia, and unpublished data from government sources for the most recent years;
- Data from representative household surveys carried out by the World Food Programme, World Health Organisation, and UNICEF mobile teams during 1996, 1999, and 2000;

- Reports from interdisciplinary field research teams who visited areas believed to have the most vulnerable groups and institutions since the 1999 NATO bombing campaign;
- A wide variety of reports from Yugoslav researchers and UN organisations;
- A two-day consultative seminar in November bringing together program participants and officials in eight priority topical areas.

There was a wealth of information to draw upon. Nonetheless, many types of information on subtle indicators of psychological and social status were available only as individual impressions or hearsay. Close to 100 relevant, original documents were utilised and more than 40 meetings with about 70 people were held. During two of the three visits to the FRY and in the consultative seminar, extensive consultation and collaboration occurred with OCHA team leader Manuel Bessler.

This Study's Model

Most other countries with humanitarian emergencies have far fewer data sources available. Yet all, including this one, present problems of accuracy, completeness, and political bias in the collection or access to data sources. And all present frustrating limitations when original data collection capacity does not exist and the study, instead, depends entirely on secondary data sources.

Much of the analysis involved combining qualitative and quantitative information sources and the sifting of valid and sensitive indicators from a larger pool of potential sources. Detailed analysis in a place like Serbia, where sanctions were frequently only a secondary factor and where humanitarian damage was attenuated by large-scale assistance requires time. This study took about a half a year to complete. Even under optimal conditions, a study of this type could not be completed in less than three months.

The purpose of this study changed as dramatic events changed the situation on the ground. It was initially charged with identifying the untoward effects of sanctions in order to seek short-term remedies. But in the middle of the study the FRY government changed and sanctions started to be withdrawn. It finally became a study to summarise the entire period of sanctions-related political and social crises in order to give direction in the period of post-sanctions redevelopment.

We designed this as an inclusive process to increase institutional buy-in and to support social sector analysis among people in Serbia. This was possible because humanitarian conditions in Serbia were not dire. In another country with a more severe crisis, the need for rapid intervention would have dictated a more superficial analysis via a less consultative process.

This study represents a first experience at co-operation among UN and other agencies to assess the impact of sanctions. In New York, Geneva, and Belgrade, it was characterised by close co-ordination and wide participation among those organisations providing assistance. As such, it contributes to the OCHA charge to co-ordinate assistance.

Further, through individual meetings, the consultative seminar in Belgrade, and critiquing of drafts of this report, many local people in Serbia have been able to contribute their thinking to the analysis. It is hoped that they have also developed more of the analytical skills that will be needed to develop the country.

Most of the data used in this report was originally collected for other purposes. While those individuals could have made a good report on sanctions, some of the key insights here provided would not have emerged without the participation of an outside consultant. And given the political pressures among UN organisations, the fact that the

consultant for this project was independent of the UN was a good thing. This study was possible because three key roles were filled:

- a local person facilitating data collection and knowing through personal experience the changes in daily life during the period being examined,
- a representative of the UN, providing diplomatic and organisational co-ordination, and
- an external consultant familiar with sanctions and the analysis of their effects in other countries.

5. Conditions in FRY in the 1990s

5A. Macroeconomic Changes

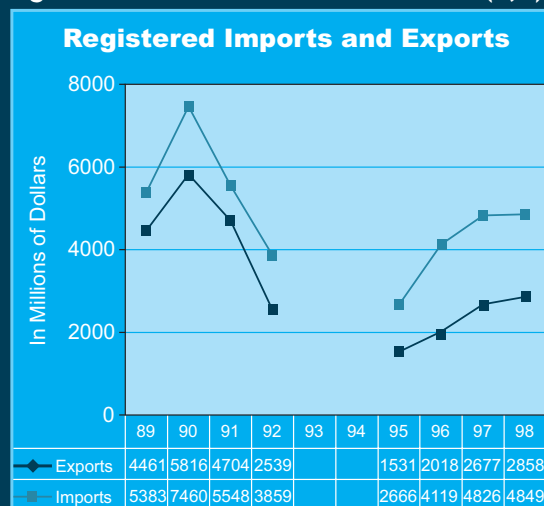
Model-based estimates have been made for the economic value of many blows to the FRY. Here the major studies are drawn together and implications from their results are provided.

As most of the fighting in the wars affecting the region occurred outside the borders of the FRY, direct destruction of civilian infrastructure prior to 1999 has not been calculated. More important than these has been the loss in trade relations among the republics of the former Yugoslavia. Based on historical data on interregional trade, it is estimated that a complete break down of trade relations among the republics would have resulted in a 35% decline in the economy (4). In fact, the actual decline in trade between regions can only be guessed at given the weight of the grey economy. Trade loss probably declined by about half, resulting in about 15-20% decline in the GNP from this cause during 1989 - 1995.

A group of independent researchers estimated that the economies of independent republics of the former Yugoslavia declined by 40% while that of the FRY declined by about 60%. They attribute the additional 20% decline to sanctions, accounting for about US\$ 4 Billion in lost GNP per year during 1991 - 1998 (6). But the FRY also had other economic burdens that were less severe in the other former Yugoslav republics. These included a monetary policy that led to hyperinflation from 1989 - 1993 and increased centralisation of the economy. This is reflected in the observed improvement in the economy once hyperinflation was controlled during 1994 - 1996, despite continuing EU and UN economic sanctions. Their 20% estimate of the impact of sanctions, then, appears to overstate the unique role of sanctions on the economy's decline.

Sanctions during the early half of the 1990s undoubtedly contributed to economic decline nonetheless. Yugoslavia had enjoyed a high rate of investment in the 1980s at

Figure 2 Source (8,9)



around 30%; this fell to half that rate even during the recovery in 1995 due predominantly to a sanctions-induced shortage of capital (1). The biggest short-term contribution to economic decline from sanctions was in foreign trade. See Figure 2. [Note: Accurate data for hyperinflation years 1993 and 1994 are not available.] In 1991, prior to sanctions, trade averaged US \$800 million per month. In 1994 it had declined to a low of US\$200 million per month. At the end of UN and EU sanctions, foreign trade climbed to US\$600 million a month. After NATO bombings and the reinstatement of sanctions in 1999, it declined anew to US\$200 million per month (7).

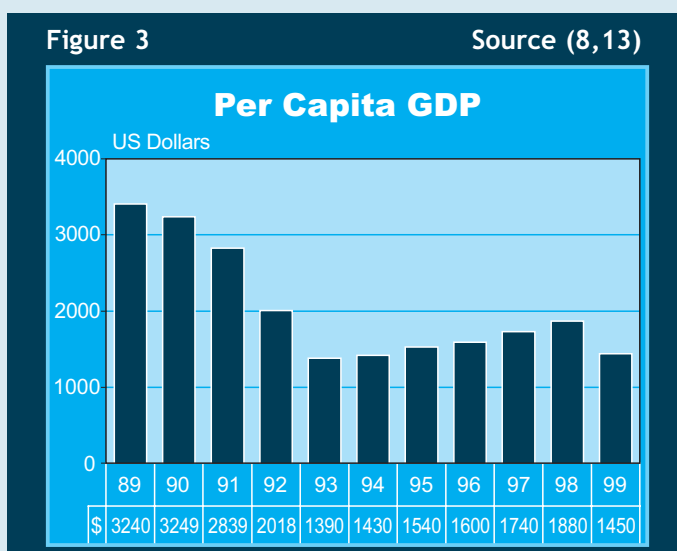
When sanctions were strictly enforced, the only goods being exported and the main goods produced in industry, were those goods that depended overwhelmingly on domestic inputs and markets. Production from foreign inputs for export, such as the garment industry, declined precipitously. These same industries had been heavily affected by hyperinflation. Imports were less directly affected as buying power came from family remittances and other external sources.

Two groups attempted to quantify the contribution of each blow to the decline of the economy from 1992 - 1999 (6,7). The first estimated that state break-up was responsible for 4% of the decline (6); the second group did not include this variable (7). The first group estimated that UN sanctions were associated with a 15% decline and EU sanctions were responsible for a further 3% decline. The second group rated these events responsible only for a total of 9%, that is, half as much. Hyperinflation was thought to be the cause of a 10% (6) and 12% (7) of the decline. Finally, NATO bombing in 1999 contributed 6% (6) and 2% (7). While the bombings are estimated to have caused US \$4.1 billion in damage to infrastructure, stocks, and plant (10), its contribution to the economy was lessened by all the problems already suffered in the 1990s. Industrial production declined by 24% overall in the months following the bombing (11), but had already declined by 60%-70% (8, 12).

In sum, researchers agree that sanctions played an important, but secondary role in the dramatic decline that occurred in the FRY's economy from 1989 - 2000. With so many other threats in this period, most of the decline would have occurred even if sanctions had not existed. Nonetheless, sanctions were an important additional burden during a period of greatly increased economic vulnerability.

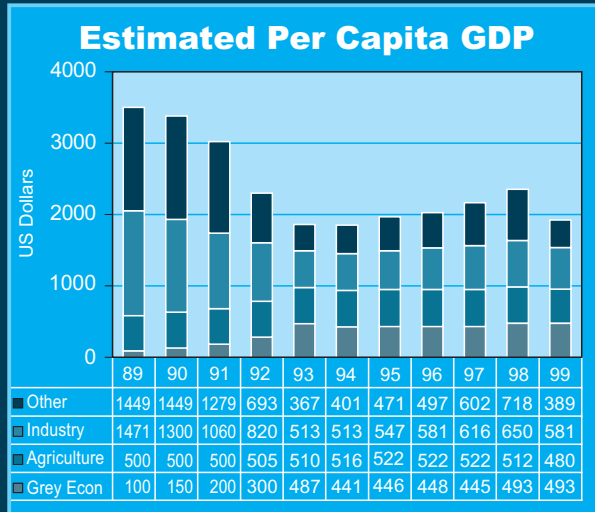
5B. Data on the Economy

Though Yugoslavia had only partially been a planned economy and historically had more



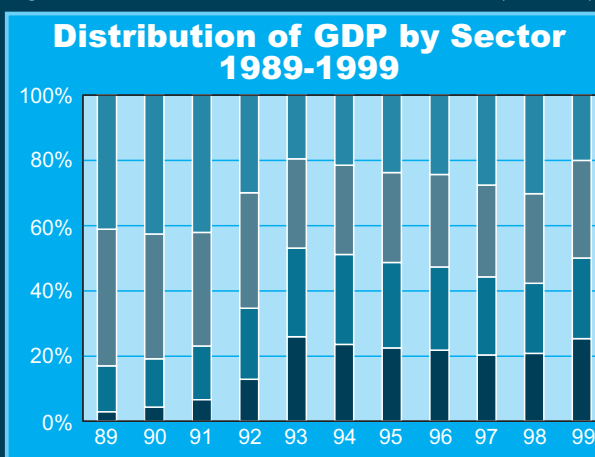
trade with western countries than any other country in the Soviet Union's sphere, the Yugoslav economy began to decline in 1989 like those of its neighbours. Per capita income declined most rapidly during 1991-1993, reaching a low of \$1,390 in 1993. This was 60% below the highest income level in 1988. Income then recovered 4% - 10% a year, reaching \$1,700 per capita in 1998. In 1999 it declined by about a quarter to \$1,300, from which it is believed to have recovered slightly in

Figure 4 Source (7,9,14)



2000 (8). See Figure 3. Industrial production fell 65% from 1989 - 1993, compared to an overall GDP decline of 40% in the same period (4). This resulted in a relative rise in the weight of agriculture (10% to 18%) and trade (12% to 16%) (8). See Figures 4 and 5. [These figures combine estimates of grey economy with semi-official data on other economic sectors.] This rise may be understated by the above figures, since much trade and agriculture are in the informal sector of the economy.

Figure 5 Source (7,9,14)



The rapid and sustained decline in the economy, with only moderate recovery during 1995 - 1998, and further decline in 1999, is believed to account for \$165 Billion in lost GDP over the 10 years of sanctions and war.

5C. Income Levels

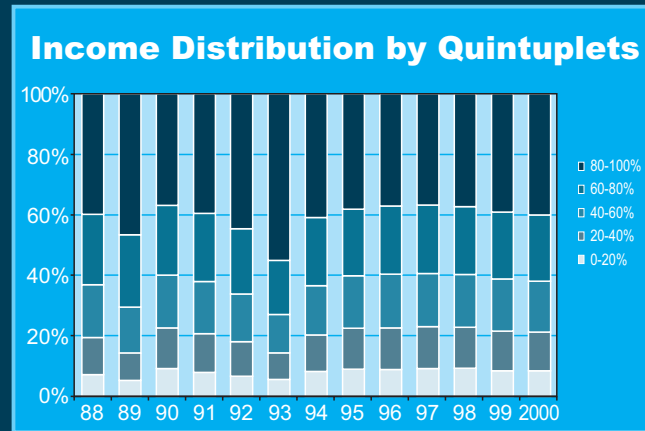
Average salaries in mid-2000 were US \$58 per month, though this understates their purchasing power. Productive sector salaries were relatively higher, while salaries in service sectors, like education, were low overall and especially low among primary and pre-school teachers.

Historically Yugoslavia had highly equitable income distribution. The income of the top 20% of earners was 4-5 times that of the 20% of lowest earners; income of the top 10% was only 7 times greater than that of the bottom 10%. See Figures 6 and 7. Poverty was "shallow", with those below the poverty line having incomes not much lower than those above it due to suppressed salary differences and high levels of social welfare benefits in education, health services, and public housing.

The gap between the highest and lowest income groups grew during the 1990s, but left Serbia still with a relatively small difference. More important than changing distribution of income was an overall downward shift in income, denoting declining incomes among most groups. The left-end tail of the distribution stretched out further, mean-

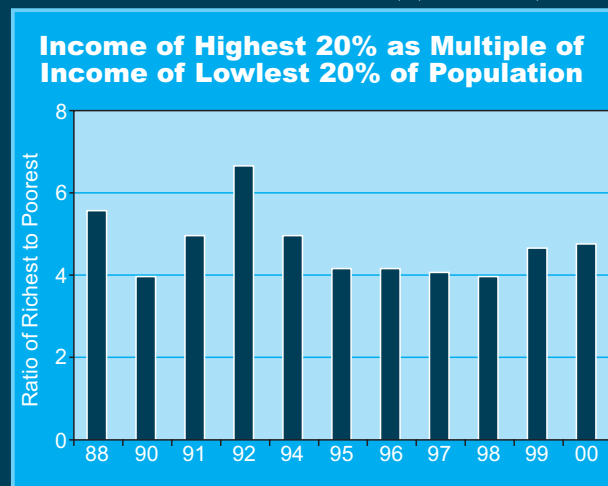
Figure 6

Source (9)



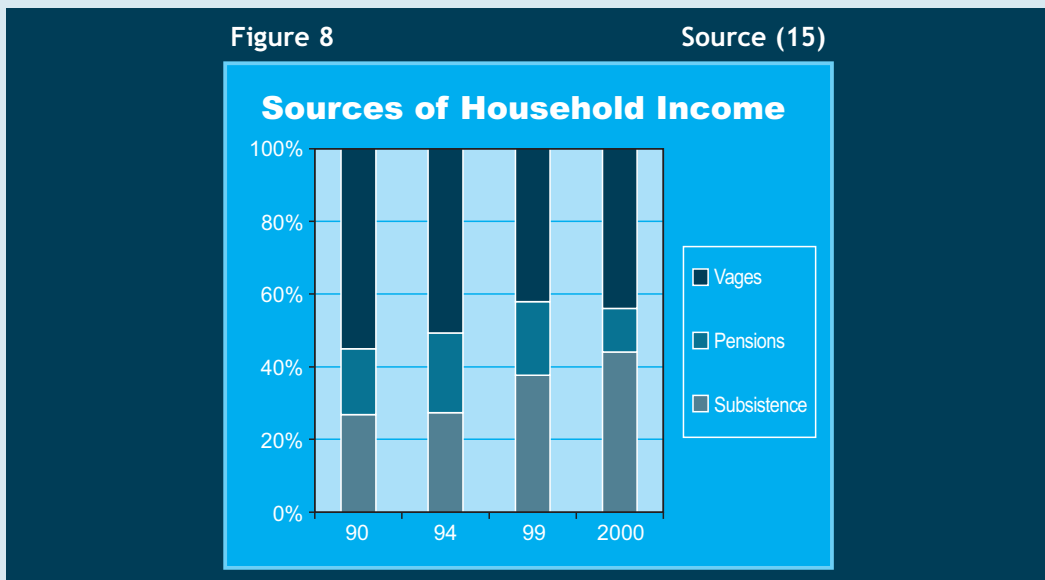
ing that the depth of relative poverty among the poor grew deeper (16). During years of high inflation, the poor lost relatively more; in years of greater economic stability they recuperated most of the proportion of income they had previously. Data from

Figure 7

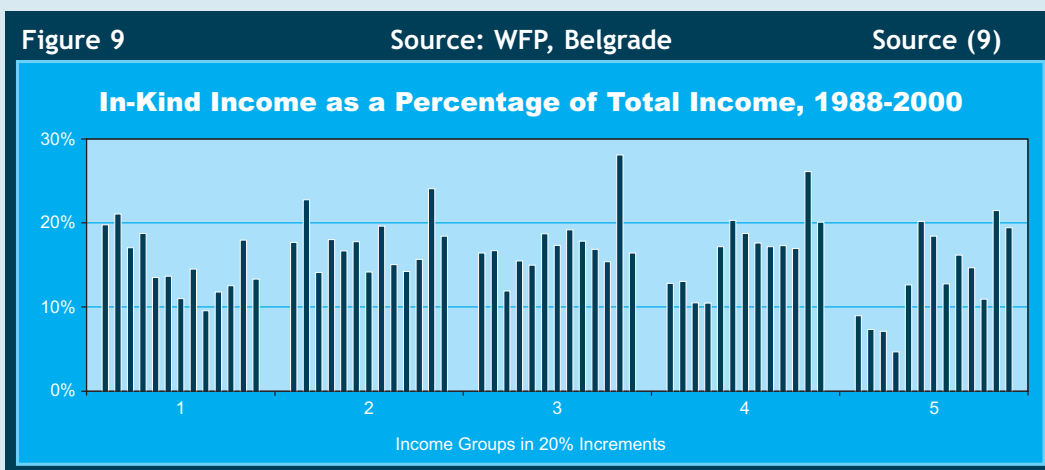
Source: WFP Belgrade
Source:(4) Source (43,70)

household surveys in 1994 show that income to those at the top of the income distribution grew rapidly. Although this sector continued to grow during the 1990s, annual surveys in subsequent years do not show this group. It is believed that they stopped answering the annual questionnaire as their incomes grew while those of most others shrunk.

The portion of total household revenue from salaries dropped from 55% in 1990 to 42% in 1999; the proportion from subsistence (non-moneyed) activities rose from around 10% to 16% (17). See Figure 8. There was little difference between urban and rural households or between agricultural or non-agricultural households. Pensions provided 12% of income, informal and subsistence activities provided 22%, remittances from abroad provided 2%, and social welfare payments provided 1% (8). These data show that the population was skilled at mobilising resources through a variety of strategies, but had widespread vulnerability as they depended on both non-cash and state-mediated cash strategies.



Throughout the 1990s among all five income quintiles, income ‘in kind’ including commodities and subsidies made up a high and stable proportion of income among all income groups. See Figure 9. [Note: a block of black bars represents each of the five quintiles. Group 1, for example, is the lowest 20% of earners. Each individual bar in the block represents a sequential year starting at 1988 and continuing through 2000. These data are drawn from household interviews of income.] This represents one of the strategies successfully employed to equalise income while maintaining a high degree of dependence on the government. Nonetheless, the ability of the government to provide during a long period of economic decline was limited. Toward the end of the 1990s income to the poor remained stagnant, while workers and the middle class lost income



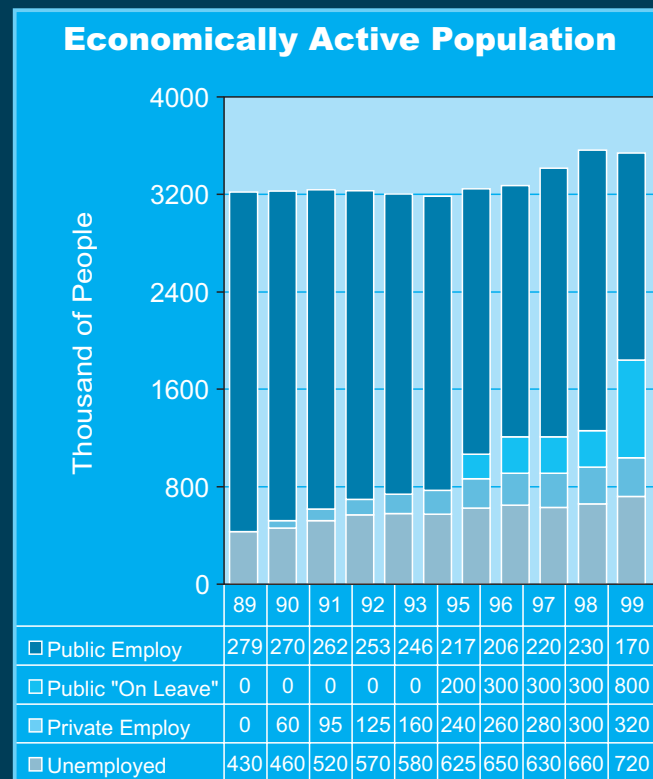
share to high earners, leading to a higher multiple of income differential at 4.7 between the top 20% and the lowest 20% of reported earners See Figure 6.

5D. Employment

The total labor force comprised about 3.2 million people during most of the 1990s. Unemployment grew rapidly during 1991 - 1993, from 14% to 39% of the labor force (20). It declined gradually to 19% in 1998, and rose again in 2000, when 27% of the labour force was unemployed and an additional 10% were ‘on leave’ (18). See Figure 10. [Note:

Figure 10

Source (4,18,19,9)



These estimates combine official unemployment data with estimates of those 'on leave' and in private employ. The rise in the total population reflects the influx of IDPs and refugees.] The unemployed were concentrated in the industrial sector; 60,000 - 100,000 more jobs were lost in this sector as a result of NATO bombings (20). Employment was not necessarily protection from impoverishment. About 40% of all employees in the state sector received their salaries six months late in 2000 (8).

Unemployment rose from an estimated 18% in 1989 to 33% in 1999 (14). While about one million people were openly unemployed, 800,000 more were 'on leave' or shared full time positions that rotated among a group of all-but-unemployed (21). It was estimated that only about 10% of the labor force was employed in substantive jobs in government or industry by the end of the 1990s. Loss of employment hit women especially hard, as they had fewer re-employment or 'grey economy' options. Though women comprise about 30% of all workers, they were 56% of the unemployed in 1998 (20).

5E. The Grey Economy

The informal sector is thought to have been small in Yugoslavia during the 1980s when social guarantees were high and unemployment was relatively low. The combined effect of low salaries among those employed, high unemployment, and impediments to normal trade during sanctions create both a need and opportunity for informal economic activity. It is estimated that 20% - 30% of the population became involved in petty trades and services or small-scale agriculture (8,11). Someone not related to a grey sector activity was described as "living only on his salary."

While production on public farms declined by an average of 4% a year in the 1990s, private farming in the formal sector rose 1% a year (20). A survey by The Economic

Institute in 1997 estimated that 1.2 million people were engaged in informal sector activity; 35% of them also had formal sector jobs (21). Indeed, a family with wages from public sector employment might depend on informal economic activity to subsist. It was projected that the informal sector provided about a 50% supplement to the recorded GNP. The distribution of this supplement, however, was highly unequal. While many subsisted with small-scale earnings and food production, others made fortunes through smuggling. In both petty and important ways, sanctions led virtually everyone to be involved in illegal activities through hiding income, misappropriating public resources, smuggling, or accepting smuggled goods.

Men were more than twice as likely as women to be involved in the informal sector, especially young and middle-aged men (21). In light of the risks and insecurities involved, this essential part of the economy of Yugoslavia under sanctions left women and older adults at relatively greater disadvantage.

Large-scale trade, particularly in scarce goods subject to sanctions, created a nepotistic class of the newly affluent. This activity proved so profitable that it was maintained after UN sanctions were lifted and further grew when US and EU sanctions were re-established. The number of firms permitted to trade grew smaller and smaller and were ever more closely associated with the government and the ruling parties through the 1990s. This reached an extreme level with the EU's white list in 2000. Almost all firms were prohibited by one side or the other to engage in trade; almost all goods entering or leaving the country then became grey or black market goods. The monopolistic nature of trade under crony arrangements raised the price of goods, reduced the access of a wide array of basic goods, and left imported luxury goods predominantly accessible through private markets for affluent clients.

5F. Poverty

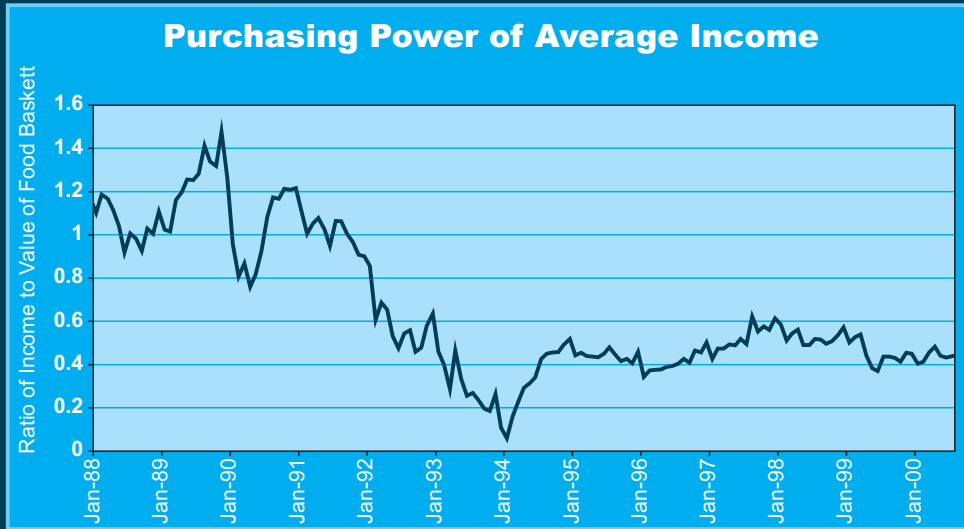
Poverty was highest in 1993 and after 1998. The portion of the population in poverty has been estimated in various ways. Those receiving less than the equivalent of \$2 per day, are generally considered poor, while those receiving under \$1 per day are considered very poor. By the former definition, poverty rose from 14% of the population in 1990 to 39% in 1993 (20). It then gradually fell to 19% in 1998, returning to 33% in 1999. This represents 2.2 million people. In the 1980s the poor were predominantly rural residents; in the 1990s they were mainly urban, IDPs, pensioners, or unemployed (15, 54). Under socialist governments, the poor still enjoyed good health care, subsidised food, good schools, and many even owned their own homes. In the 1990s some of these protections, along with remittances from family members in other countries and humanitarian assistance, limited the worst aspects of poverty. But as the government's resources declined and the gap between the 'haves and the have-nots' grew, poverty became more extreme. Two thirds of the people in FRY lived on less than US \$2 per day (10). About half a million living at below half of the poverty line were considered the 'very poor'.

The percent of income used to acquire food varied between 30% and 40% during 1980 - 1991. In 1993 it rose to an average of 50%, signalling a potential nutritional emergency and reducing the proportion of income available for all other purposes (22). For low-income people the rate was always higher, rising from 43% of income to food in 1990 to 60% in 1994 (4). Those with one child in 1999 spent 40% of income on food; those with 3 children spend 51% on food (10). It is estimated that 60% of children were poor. Subsidized food items including bread, sugar, and oil helped the poor. International assistance in the form of food packages to IDPs and refugees and soup kitchens for social cases further limited the danger of a severe food deficit.

Figure 11

Source: WFP, Belgrade

Source (22)

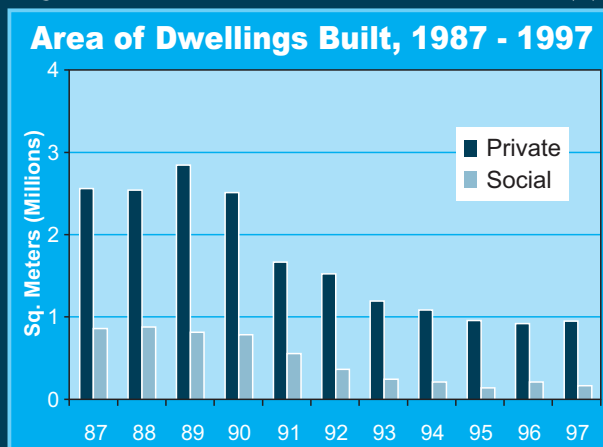


Another way to evaluate access to food is via a ratio of average wages to the cost of a standard food basket for four people in that year. Through 1991 the average salary bought at least one whole food basket for a family of four. In 1993 it bought only one fifth of that basket. Recovery of the purchasing power was only partial, peaking in 1997 and declining again to less than half of the basket in the three years which followed. See Figure 11. [Note: this figure combines average incomes from representative sample interviews and cost of the food basket by monthly market surveys.] Problems for the poor grew further after the September 2000 elections when food subsidies were lost.

Purchasing patterns changed with the impoverishment of the population. In 1988, 40% of people had not taken a vacation that year; in 1994 this rose to 80% (15). In 1988 20% of adults ate two or fewer meals per day; the proportion increased to 36% in 1995 and 40% in 2000. Bread, which had only been sold in complete loaves, started to be sold in halves. The cost of rent and utilities are largely fixed; the proportion of income going to these rose from 32% in 1995 to 64% in 1999 (24). Though 57% of households had cars in 1995, few drove them - more than 80% of families used less than 20 litres of gasoline per month (15). Homes were subdivided to make more living units to rent out or sell;

Figure 12

Source (9)

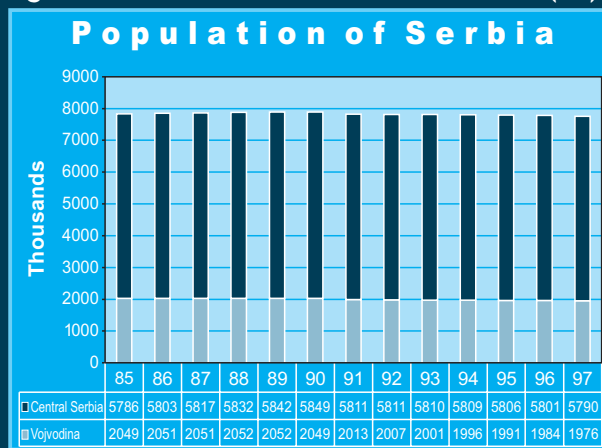


the demand for small living units increased as the ability to support large homes declined. The size of newly built homes declined throughout the 1990s. Public construction declined by 80% and private building declined by 62% (9). See Figure 12.

5G. Demographic Changes

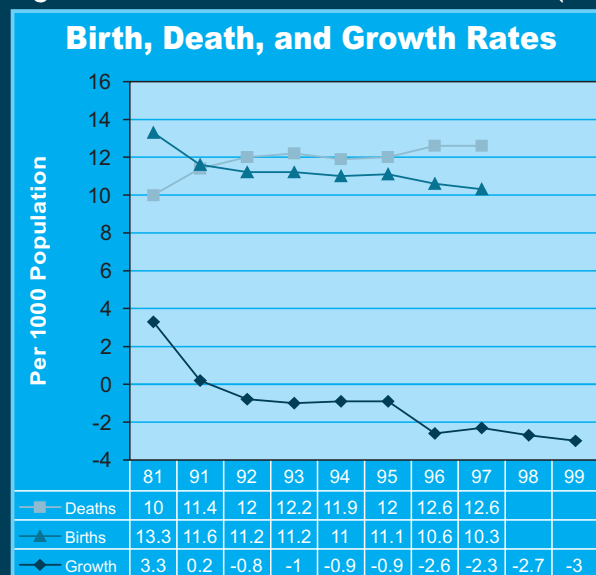
Yugoslavia in 1990 was composed of 6 republics with a combined population of more than 20 million. About 1/3rd of these people lived in Serbia. There is conspicuous shortage of people aged 70-79 and the group that would be their children, now aged 45 - 54 due to high mortality during WW II.

Figure 13 Source (25)

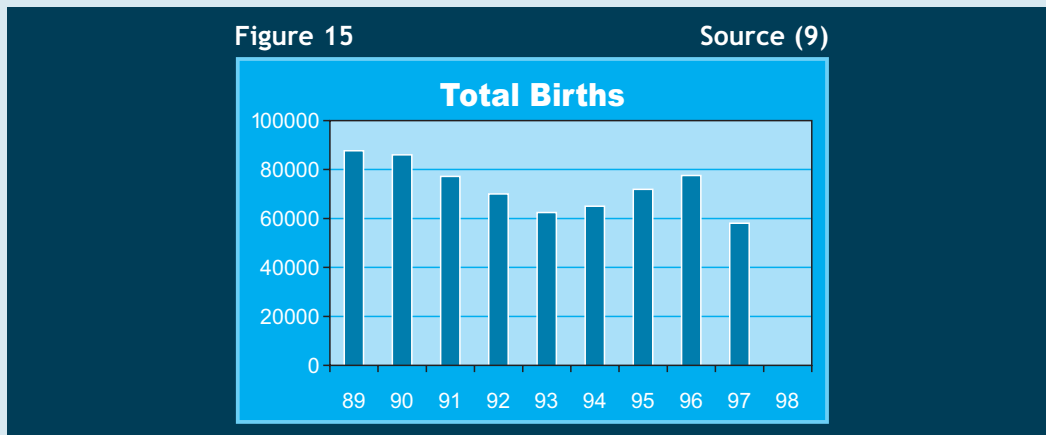


The total population of Serbia, including the regions of Central Serbia and Vojvodina, was estimated to be 7.8 million in 1999. See Figure 13. The population declined by 132,000 over a decade. This occurred mainly because of reduced and delayed marriage during the extended period of economic decline, resulting in a decrease in the already low fertility rate. See Figure 14. Serbia had a total fertility rate of 1.74 in 1990; it declined by to 1.48 in 1999.

Figure 14 Source (25)



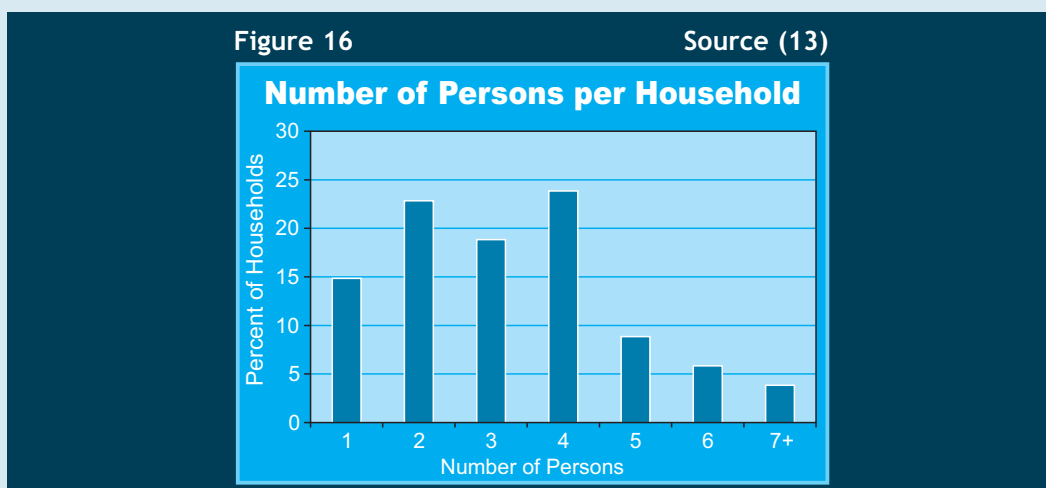
Serbia entered the crisis of the 1990s with the population profile overall of a developed country, with 8.7% of the population over age 65. The economic crisis led to a smaller number of births and increased emigration of young people. This has exacerbated this already high proportion of over 65-year-olds to 10% in 1995. The high rate of mortality among older adults, and low fertility, have resulted in a death rate has exceeded the birth rate since 1992. See Figure 15. In 1998, 95% of the municipalities had such negative growth.



Another reason for the population's decline and low birth rate is emigration. Crude estimates suggest that somewhere between 300,000 (8) and 600,000 people have emigrated in the last 10 years. These emigrants are mainly young adults, especially males.

The estimated decline in the population is a projection; with large-scale population movements both into and out of the country since 1991 reliable data on current population dynamics are unavailable. The major trend is a rapid ageing of the population. This ageing was already occurring slowly through demographic transition prior to the 1990s. It sped up through delayed marriage, reduced fertility, and the emigration of young males during the 1990s, all as a result of the country's economic and social crises. In 1986 there were 50 people over 60 for each 100 persons under 19 years; this rose to 69/100 in 1991 and 91/100 in 1998 (26).

Two thirds of all households are urban, 6% are entirely rural, and about a quarter are mixed (29). The weight of the rural and mixed economy facilitates resilience during periods of economic decline. Although there is a trend toward decline in the agriculturally active population in the formal sector, a large portion of the urban population



depends on rural relatives for food and or employment in the informal sector. There are more multi-generational (19%) families than single person households (15%) (29). See Figure 16.

5H. Refugees and Internally Displaced Persons

The total population would have fallen more if Serbia had not received large numbers of refugees from Croatia, BiH, and Macedonia and IDPs from Kosovo. There were 503,300 registered refugees in Serbia in the 1990s (30); most of them arrived before 1995. Most of them integrated into society by the late 1990s; 165,000 of them still received assistance in 1999. There are 230,000 registered IDPs in Serbia (30). Most of them arrived in 1999 from Kosovo. An estimated 390,000 IDPs and refugees were in need of assistance in 2000. Those in collective centres receive assistance from UNHCR and other agencies. Refugees and IDPs housed in homes of their relatives are also believed generally to have better conditions.

IDPs were on the whole at greater risk than refugees. They arrived at a time of greater economic decline and received less assistance than refugees would get since Kosovo is not an independent state. They arrived with weaker job skills and poorer education overall than the refugees before them.

5I. Social Welfare

Figure 17 summarises estimates of the at-need populations of poor, refugees, and IDPs. They comprised about half of the population of the FRY in 1993 and 1999 and were the product primarily of war and economic crisis. The Ministry of Social Welfare provided assistance only to those in traditional 'at-need' groups - the disabled, those with behavioral or mental problems, and children with special needs. Ministry assistance reached about 1 in 20 of those in need. See Figure 18. About 1.5 million people above 60 years of age are pensioners. They were 19% of the population in 1998, a thirty percent increase from 1989 (30). Raising the age of entitlement for pensions is urgent; in place of modifying the system, the formula for calculating pensions in the 1990s reduced their benefits. Pensioners in 1990 received about US \$100 per month. Pensions in 1998 were worth about US \$34 per month on average (10), many were paid six months late, and some were paid 'in kind' with, for example, electricity credits.

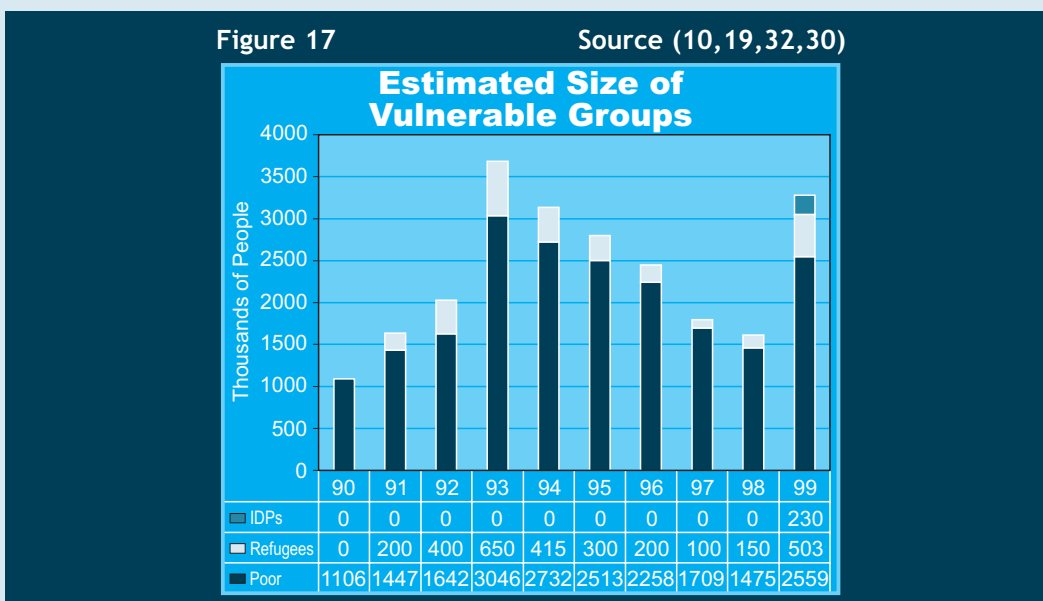
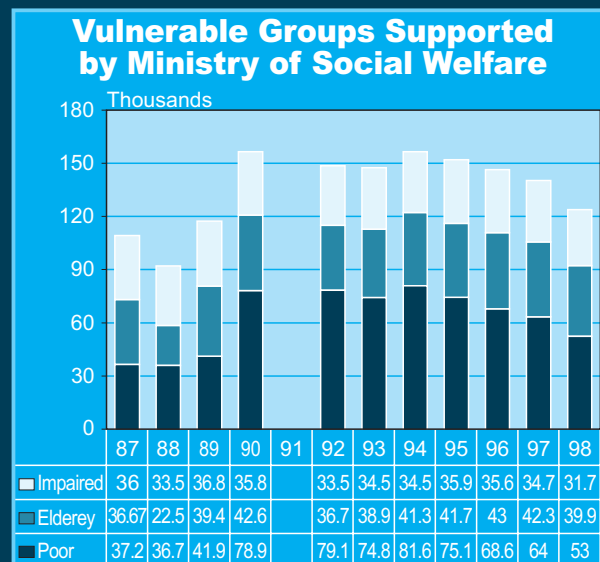


Figure 18

Source (33)



By the late 1990s only about 1 in 40 unemployed persons received unemployment benefits. There had been 130,000 beneficiary families in the early 1990s; the number declined in the late 1990s despite a rapid increase in need. Child allowance payments were up to 2 years late. By 2000 no 'social cases' in Belgrade received government support in cash or in kind. The FRY used to place most orphans in foster care and seek adoptions. The foster care program, as an 'elective' activity, suffered budget cuts with the economic crisis. In 1999 only 1900 children were in foster care while 3300 were in more expensive institutional care.

The World Food Programme (WFP) and the Red Cross reached far more people than the FRY government. Depending on the level of need and offer of support from donor governments, WFP distributed food to 200,000 - 700,000 people per month during 1993 - 2000. In August 1999, WFP reached 337,000 refugees and 360,000 poor. The ICRC distributed food, shelter materials, clothes, and other personal items to 100,000 poor and 200,000 IDPs. UNHCR and UNICEF also provided large-scale assistance.

5J. Health Care

Organisation of Services

Public medical institutions in the mid-1990s included 95 hospitals, 120 specialized curative facilities, 193 public health centers or institutes, 32 advanced medical care centers, and 780 pharmacies. The system employed 92,000 people, including 21,000 physicians, almost 5,000 dentists, and 2,500 pharmacists. There were, in addition, 1,100 private pharmacies, 2,860 private doctors' offices, and six private hospitals.

The network of public health institutes, primary care facilities, and extensive network of entitlements in medical care and social services provided what was effectively a cradle-to-grave set of protections to the population. While this system remained in place throughout the 1990s, the quality and quantity of services deteriorated under the strains of increased demand and greatly reduced funding. The accuracy of clinical diagnosis compared to autopsies in hospitals is reported to have declined (34). Diagnoses requiring advanced diagnostic equipment such as lung embolism and gastrointestinal bleeding worsened the most. The number of home visits, school health exams, and pre-

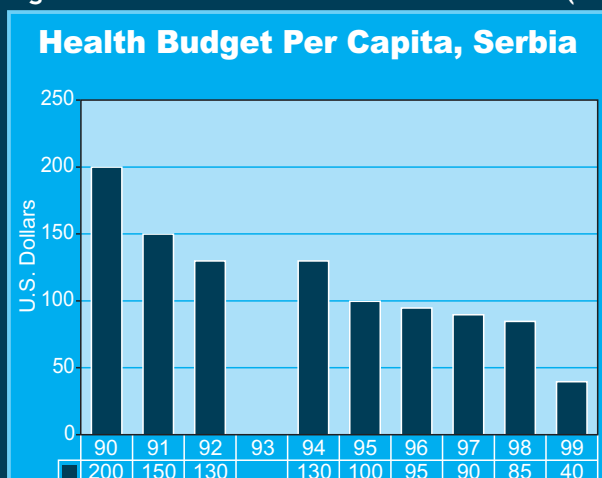
ventive or screening visits to health professionals declined. Although close to half of the people identified having a primary care practitioner (34), the proportion receiving care through the private sector increased from less than 10% in the beginning of the decade to about 30% by the end.* Most of these people received only episodic care, for which they 'shopped around' and frequently changed practitioners.

Finance

There has been a major shortfall in funding for the extensive public system of health services. The national public health insurance fund receives almost all its contributions from an irregularly collected 18% tax on all gross declared salaries. With the decline in GNP of the 1990s, this left a shrinking pool of funds for the health system. It is estimated that the portion of the GDP devoted to health care rose overall from 6.5% in 1990 to 9% in the late 1990s while the dollar value of that sector dropped by more than half (6). See Figure 19.

Figure 19

Source (23)



The funding shortfall reduced the number of services provided, and the number of medicines distributed by the system of public medical care. The number of practitioners employed (Figure 20), number of total visits to doctors (Figure 22) and the number of hospitalisations (Figure 21) declined less. More 'elective' services, including dental care, (Figure 24) well-child and counselling visits, (Figure 23) and equipment for people with disabilities (Figure 25) declined far more, especially in the years of greatest economic crisis.

Figure 20

Source (25)

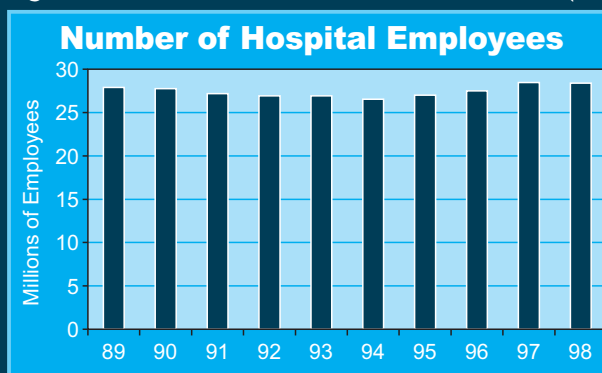


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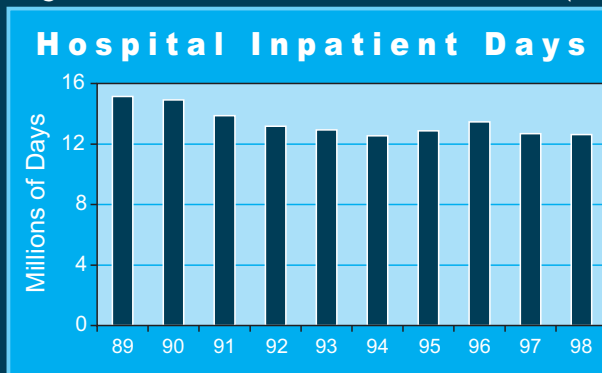


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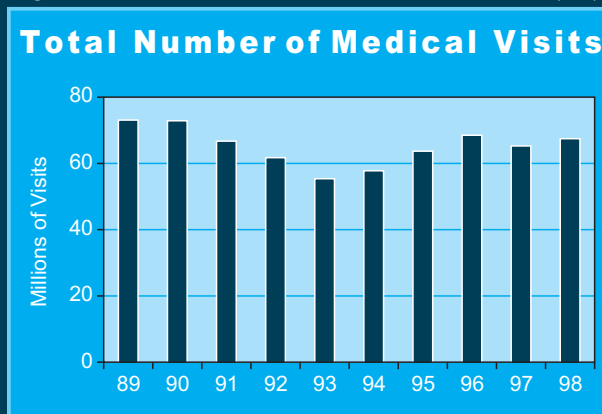
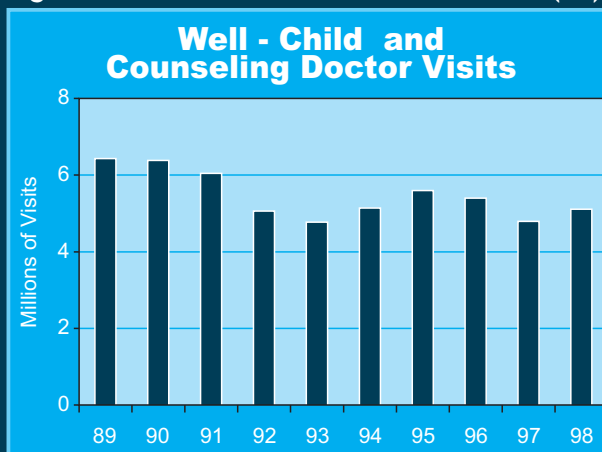


Figure 23 Source (25)

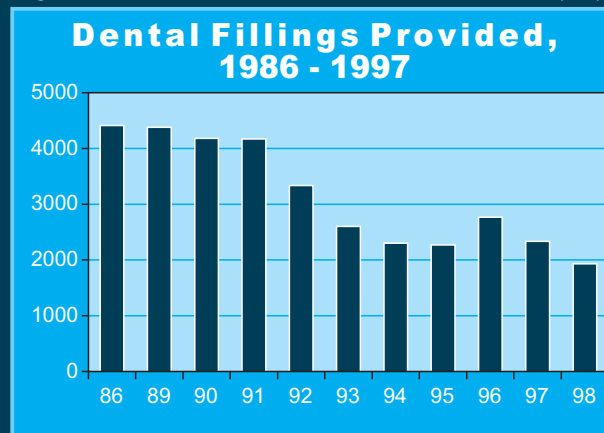


Among visits to doctors, the number of home visits, school-based consults, and preventive visits declined the most. Home visits mainly provided health promotion for children, new-borns, and those with chronic diseases. Such visits declined by about 50% in cities and up to 90% in rural areas.

All schools had dental services in the late 1980s. These were closed and fluoridation services through schools, begun in 1989, were halted in 1996. Together with the loss of

Figure 24

Source (25)



fluoridation in municipal water systems, the loss of dental services set back important advances in oral health.

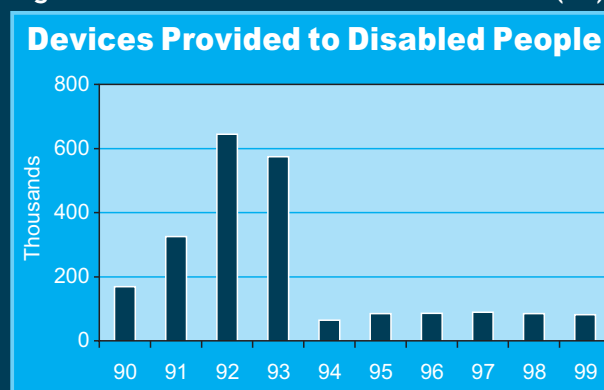
About a quarter of the people reported receiving their last care from a private doctor (8). Even when seeking care in a public facility medicines, food, and laboratory tests, fuel for ambulances, and surgical materials sometimes have to be bought by the patient. In some cases physicians had to choose to whom to give treatment and who to leave without care. It was estimated in 2000 that close to half of all the expenses in public care were born privately (30). FRY residents reported that same year that 6% of their cash was used for medical sector purchases (8). The contraction of the curative system created inefficiencies, such as expensive hospitalisations when outpatient departments lost access to materials with which to do simple treatments.

In the 1980s 57% of funds in the health services went to salaries, 15% for medicines, 10% for medical equipment and supplies, and 18% for food and utilities (30). With the great shortfall in funds during the 1990s the proportion of budget for salaries was reduced to 50%, medicines has risen to 30%, leaving almost nothing for food or fuel. Thus, hospitals had a heating crisis and often served only potatoes or rice to patients. In 2000, the ability to pay for medicines further declined, leaving about 70% of the health budget for salaries.

Social security funds covered about half of the expense of hospital services in Belgrade in 2000. The grave shortfall in funds left regional insurance bodies with debts reported to be worth US \$60 million in 1996, and US \$100 million in 2000 (19). Nonetheless, since most medicines are produced in FRY, an assessment team in 1999 found about 80% of

Figure 25

Source (38)



medicines available. Those products that were difficult or impossible to find were almost all imported products. Thus, for example, FRY-produced Rifampin and Isoniazid for TB treatment were widely available, while the other 2 medicines needed for routine treatment - imported pyrazinamide and ethambutal - were not (36). Commercial policy affected availability of medicines as well. Although oral hyperglycemics for diabetics were produced in Serbia, the government-set price in some years was so low that little was available for purchase.

The shortfall in funds means that regions with less formal sector employment, or more refugees, IDPs, or unemployed users, were especially short of funds for health services. Surveys in 2000 showed that two thirds of refugees and IDPs only received medicines from private pharmacies, while 6% got them from relatives or friends, 8% got them from international humanitarian organisations, and 20% got them from the local Red Cross (30).

Infectious Diseases

Immunisation coverage remained high (except for MMR and Hepatitis B vaccines, which are imported). See Figure 28. Almost all births and deaths occurred in medical institutions. See Figure 26.

Figure 26 Source (25)

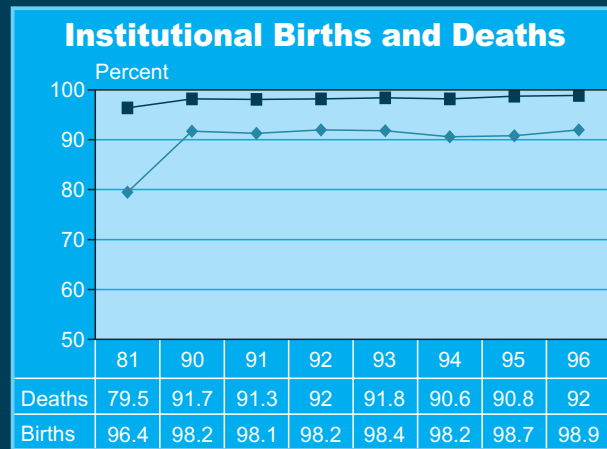


Figure 27 Source (39)

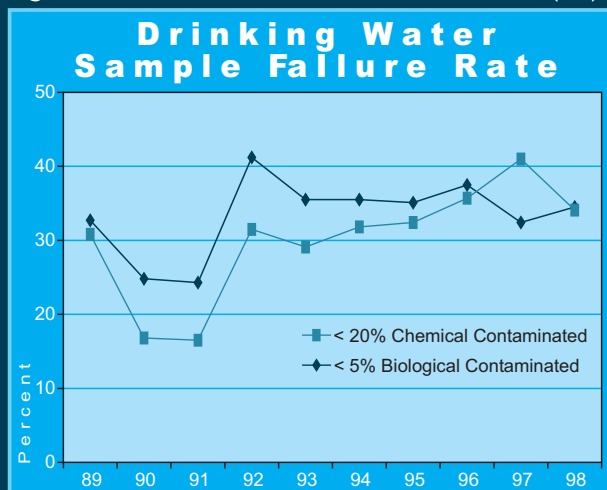
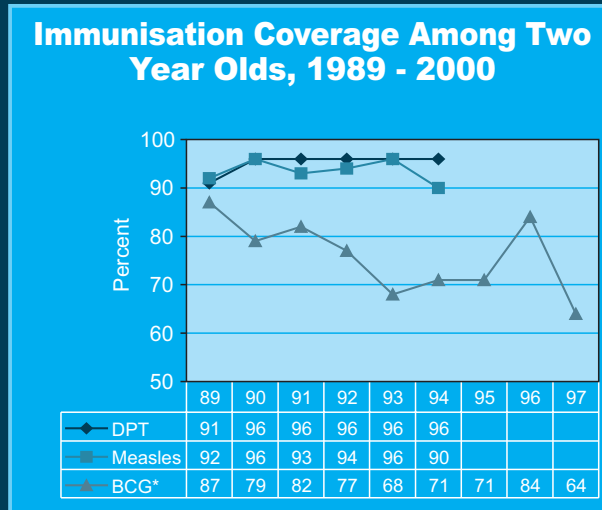
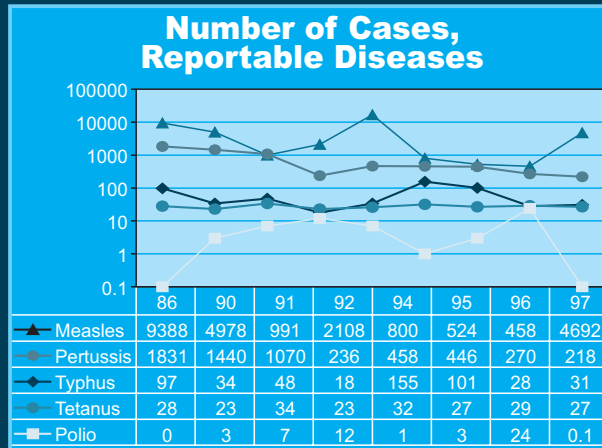


Figure 28 Source (4, 13)



The number of infectious disease cases reported remained roughly stable. See Figure 29. Decreased international travel under the isolating conditions of sanctions and war is associated with a reduction in the number of new cases of malaria and HIV. An influenza epidemic in the region spread about two weeks later in FRY due to decreased population movements. A decrease in treatment of streptococcal infections resulted in a rise in registration of rheumatic fever cases.

Figure 29 Source (13)



In 1993 and 1997 lower MMR immunisations rates led to measles epidemics in Serbia. Refugees and IDPs were especially vulnerable. These same groups experienced high rates of Hepatitis A related to low sanitation knowledge and crowding.

Environmental Health

The proportion of water samples biologically or chemically contaminated rose moderately. See Figure 27. Of greater concern is increased contamination from non-traditional chemicals following NATO's bombing of industrial plants in Novi Sad, Pancevo, and other cities in 1999. Routine water sampling covers at most 10 possible contaminants. The number of samples taken declined during the 1990s as no new equipment was purchased and reagents became scarce. Extensive deep-well contamination of

municipal water supplies with hydrocarbons, phenol, ammonium, and industrial metals has been found. Extensive testing by the UN Environmental Program began only in late 2000.

In 1999 69% of water samples showed inadequate levels of chlorine. The two plants producing chlorine in FRY were destroyed in the 1999 bombings; supply from outside the country has since been irregular.

Virtually no municipal water systems received maintenance or upgrading with federal funds in the 1990s. Some small communities did purchase pumps, pipe, and equipment under innovative arrangements. They formed joint public-private firms or let out public equipment to private firms to successfully generate funds to build and maintain municipal improvements. No improvements occurred in Belgrade, where the municipal government used its few available funds instead to repair a skating rink in 1999.

Speciality Care

Of the 200,000 diabetics in FRY, 37,000 use insulin, which is imported. When periodically insulin could not be acquired, it became a difficult choice for physicians and patients to decide between changing to insulin in formulations and doses to which the patient is not accustomed, to products considered unstable or unreliable from new markets, or to go without. Most insulin has been imported from Denmark, but with a commercial debt of \$8 million sales were halted in 1998 and supply dropped by 3/4ths. Insulin could always be purchased via Hungary, at a cost of about \$55 a month, which was more than an average monthly salary. Ketosis cases went up as most diabetics took reduced dosages during the importing crisis and during the NATO bombings in 1999 when visits to outpatient units were cancelled.

Among the 4500 hemodialysis patients, many have gone from three to two or one dialysis session per week, with filters and solutions which are past normal performance time and therefore less effective.

More complicated speciality care declined further, putting the lives of the country's 90,000 cancer patients, 600 haemophiliacs, 250-300 operations for congenital heart defects, growth hormone recipients, and dozens receiving organ transplants at increased risk (37). Examples of problems in these areas in the latter 1990s are abound. There are four radiology pavilions in Serbia for oncology patients; in 2000 none of them were operational. All the anti-cancer medicines used were imported privately by the end of the 1990s, except for the medicines for some pediatric leukemia cases that were supported through a western European government via physician-to-physician contacts.

An advanced center for endocrine diseases used to do 2-6 plasma exchanges per day for autoimmune diseases such as myasthenia gravis, reducing mortality among these patients from 30% to 3%. Short of filters, reagents, and equipment, only one exchange per day could be done, resulting in a rapid rise in mortality among this small group of patients. Perhaps as importantly, it created a crisis for physicians and families in selecting who would receive this therapy. For thyroid patients they used to do 3 blood tests and ultrasound exams prior to choosing therapy. In the late 1990s they could only do one test per patient. In the treatment of bone cancer, Adriamycin had formerly been imported from the US and EU. Therapy had been successful for 90% of patients. When forced to acquire this medicine more cheaply from less reliable sources, only 10% of therapy was successful. Prior to development of modern therapy for these patients, 17% survived for five years. In the late 1980s their success rate rose to 50%. With inadequate supplies for care in the latter 1990s the survival rate declined to 33%.

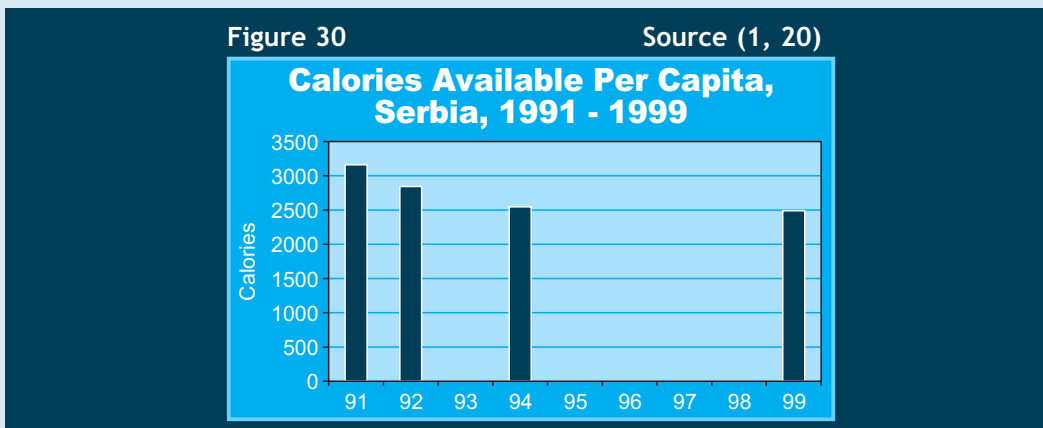
The improvement of these facilities will require much more expensive equipment in a small number of specialised centres. Acquiring materials to treat these patients used to depend mainly on clinical criteria and was available to most of the patients in the coun-

try likely to benefit. With sanctions-related import difficulties and lack of funds in the health system, treatment depended on individual families' ability to import goods privately, the collegial relations between leading clinicians in Yugoslavia and colleagues outside the country, or political connections to officials of governing parties. Such connections resulted in the building of a new cardiac care unit and a new pharmacy pavilion for the Belgrade clinical center while funds were unavailable even for food for hospital patients.

The number of physicians in public employment declined starting in 1992 when the government initiated a hiring freeze. The freeze conspired with travel bans, intellectual isolation from international medical advances, and sanctions-related lack of access to new medical products to freeze medical practice habits during the 1990s. This freeze was exacerbated by the near absence of young physicians in hospital or academic medical center practice after 1992.

5K. Nutrition

Access to calories from all sources declined slightly during the 1990s. See Figure 30. The production of farm products overall declined moderately through the decade due to reduced access to chemical fertilizers, imported seed, parts for farm equipment, and fuel. These shortages, partly associated with sanctions, affected state-owned agriculture much more than private farms. The biggest limitation on private farming was the low, controlled prices for staple goods, which served as a disincentive to production. Yet despite these limiting factors, the country produced enough extra wheat in 1998 to export in exchange for Russian fuel products (40).

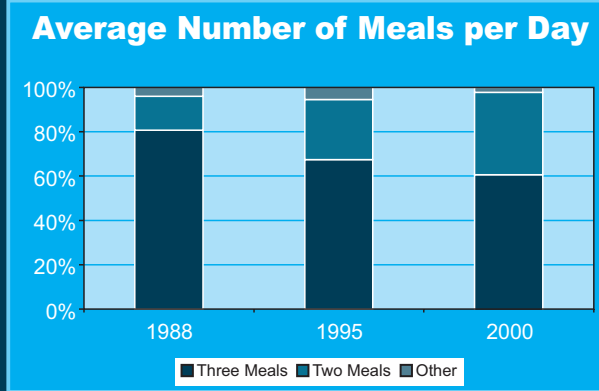


Both state and private farms increased the production of consumer foodstuffs during the 1990s in response to consumer demand. With good farmland throughout the country and a quarter of non-farm families engaged in part time food production, self or local production of food greatly limited potential damage related to food supply due to sanctions.

Problems of access to food were not due to production shortfalls but limited purchasing power among some groups. These included most importantly the poor, urban people without farming family members on fixed incomes, and IDPs and refugees (41). Overall, the impoverishment of the population resulted in impoverishment of the diet as well.

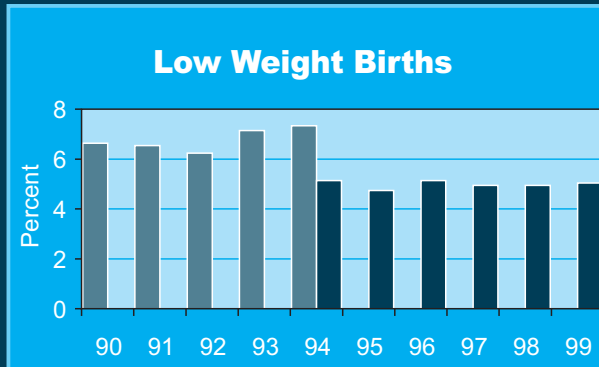
The consumption of meat and dairy products declined, while the consumption of bread, potatoes, and eggs increased. From 1988 to 1995, regular consumption of meat declined from 33% to 30% of the population (15). Consumption of dairy products declined from 46% to 31% of the population. Ironically, consumption of the food item most needed, fruits and vegetables, declined the most, from 50% to 15% of the popu-

Figure 31 Source (15)



lation. The proportion of the population eating more than ½ Kg. of bread per day rose from 27% to 36%.

Figure 32 Source (13, 16)



The number of meals eaten declined on average but protein or calorie deficit syndromes never occurred in large numbers. See Figure 31. The proportion of all births under 2500 Gms. was low throughout the 1990s. The only maternal nutritional problem identified was a high rates of anemia at 28%.* See Figure 32. From 1996 - 2000 among children under five years of age, acute malnutrition remained low and chronic malnutrition rose to levels that were still not alarming. See Figure 33. Indeed, the major problem continued to be a high rate of obesity among children.

Figure 33 Source (13, 16)

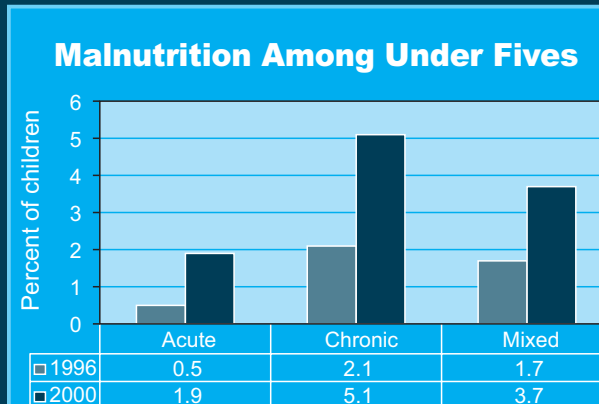
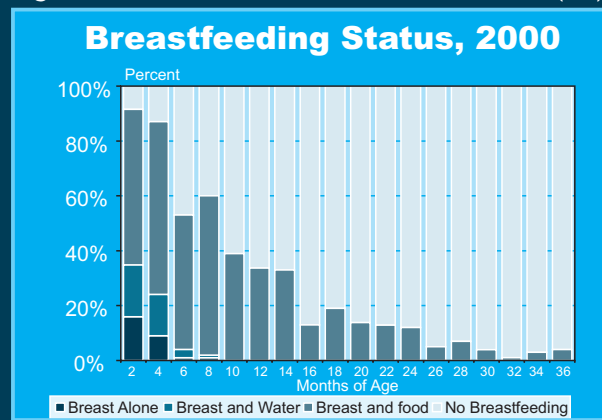


Figure 34

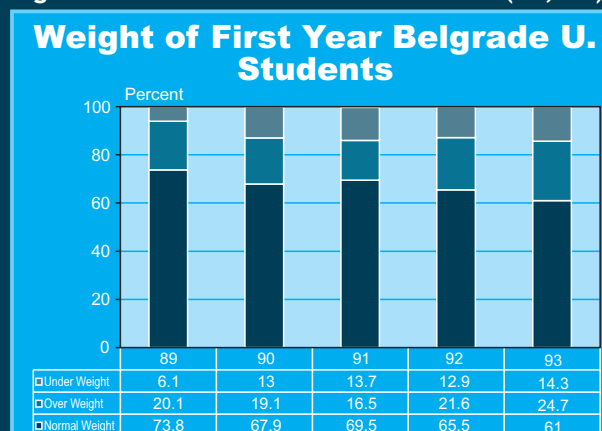
Source (13)



Though breast feeding rates are far from optimal, the percent of children under six months of age exclusively breast fed rose from 5% in 1996 to 9% in 2000 (13). See Figure 34. This rise resulted both from UNICEF breast feeding promotion and the loss of access to three of four infant formula producers when Croatia became independent.

Figure 35

Source (23, 42)



Among students entering Belgrade University, both the proportion that were underweight and the proportion who were overweight rose. See Figure 35. This reflects both the changing economic fortunes of students' families and a tendency to compensate monotonous diets and a sense of deprivation with increased consumption of calories. Among the incoming class in 1998, only 3% of males but 19% of females were underweight (BMI<18.5). The relative proportion of those who were overweight was reversed: 4% of females and 17% of males were overweight (BMI>25).

5L. Mortality Rates

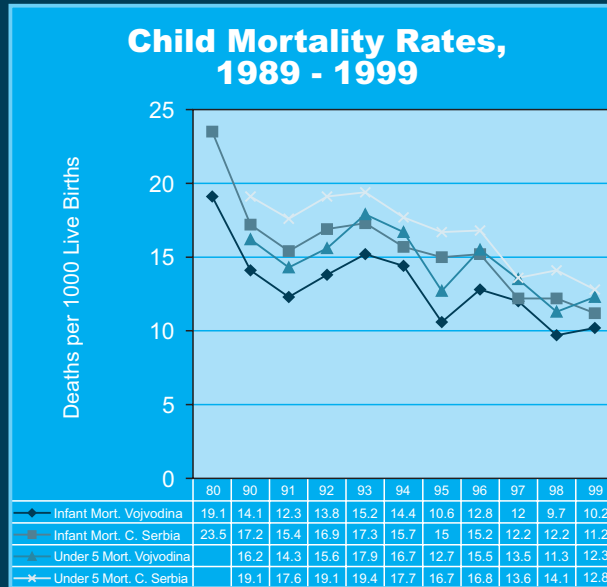
Frequent reports in the press and among researchers on sanctions described alarming increases in infant and/or child mortality due to sanctions in the FRY. National death registries for Serbia show, on the contrary, that mortality among infants and children under five years declined by about half during the 1990s. See Figure 36. Such a decline has been documented in other countries with economic crises but stable social systems (43). The decline in Serbia is associated with improving household sanitation and improved treatment for diarrheal and acute respiratory diseases. See Figure 37.

Conditions in FRY in the 1990s

The infant mortality rate of Serbia fell by 3/4ths from 1950 - 1980. It continued to fall slowly in the 1980s, reaching 14.6/1000 in 1991. Infant mortality rose by as much as 15% during 1992 - 1994, then fell by a third, reaching an all-time low of 11.0/1000 in 1999. See Figure 36. Vojvodina has consistently had a lower IMR than Central Serbia, but the difference between the two declined by half during the 1990s.

Figure 36

Source (13)

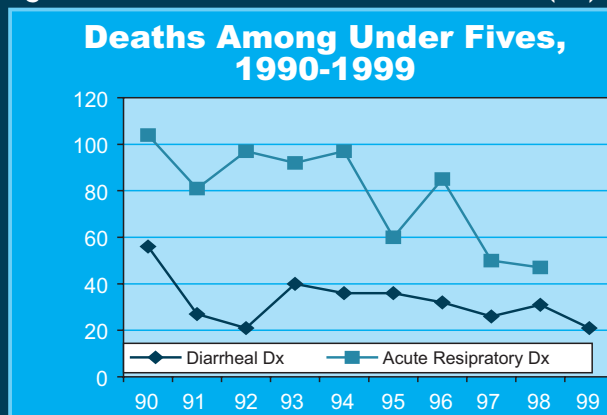


During 1992 - 1994 there was virtually no increase in mortality after the first month of life. The increase in perinatal mortality reflects a decrease in the quality of prenatal conditions, care, and hospital deliveries. It was reported that miscarriages, premature births, and low birth weight rose from 1989 - 1993 (44,45).

Deaths among children from 0 - 5 years of age similarly declined by about a third from 16.8/1000 in 1990 to 12.7 in 1999. This decline was mainly due to decline in mortality among under one year olds. Deaths among those aged 1-4 did not increase when perinatal mortality increased in 1992 - 1994, but it fell by about a third, from 2.2 to 1.7/1000, making a further contribution to declining mortality among under fives. (23) Mortality rose among adults in 1999; data are not yet available to assess the rise in that year. In the winter of 1999 an outbreak of virulent influenza caused what were observed

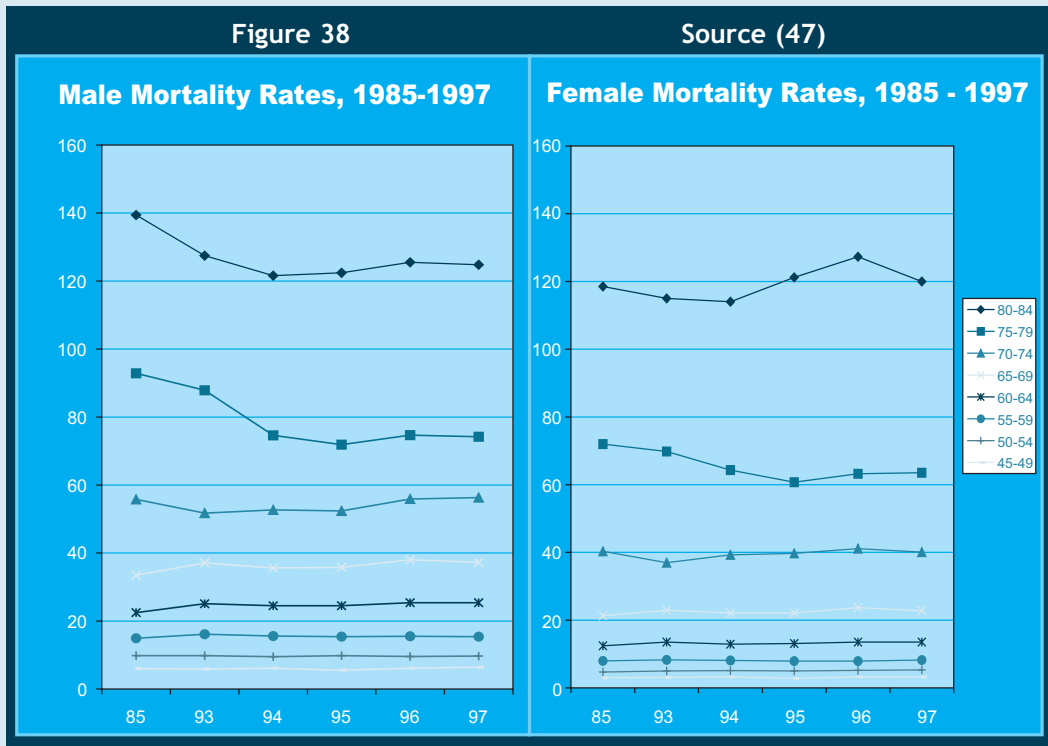
Figure 37

Source (13)



to be many deaths, particularly among older adults. About 2000 people were killed in the NATO bombing campaign of 1999 (46).

Accidental deaths rose in 1991, then dropped by about a third throughout the rest of the 1990s. Suicides and homicides rose by about a quarter in the 1990s, but are still at relatively low levels.



Mortality rose among most adult age groups, during most years, since 1995. See Figure 38. The rise was small among those under 65 years and thereafter increased with age. Adult mortality rates at the end of the 1990s were similar to those 15 - 20 years before. Most deaths are due to cardiovascular diseases, cancer, or obstructive pulmonary disease. See Figure 39. Cardiovascular disease is the most frequent cause of death. The

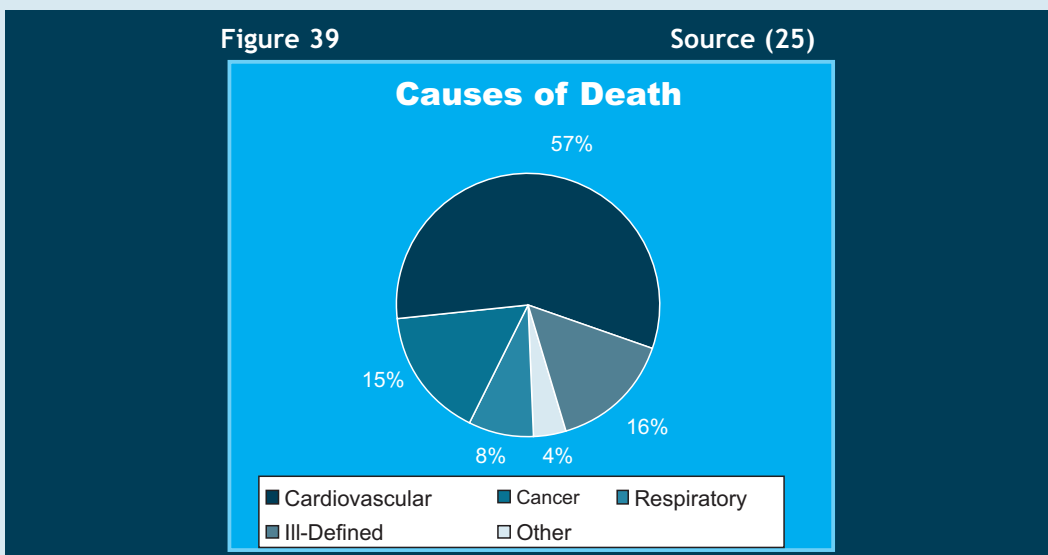


Figure 40

Source (24)

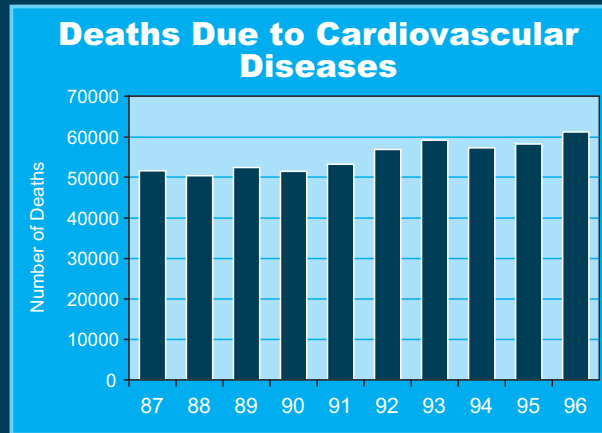
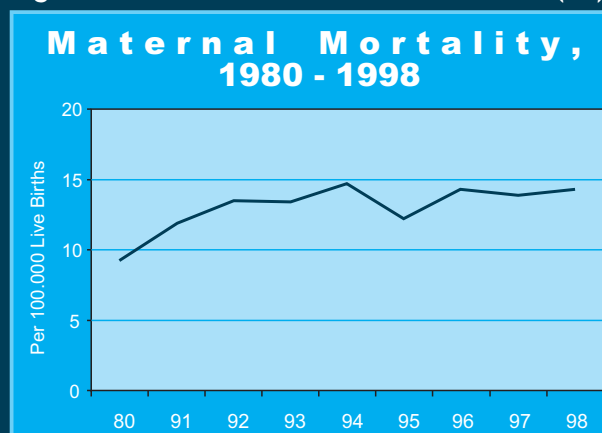


Figure 41

Source (24)



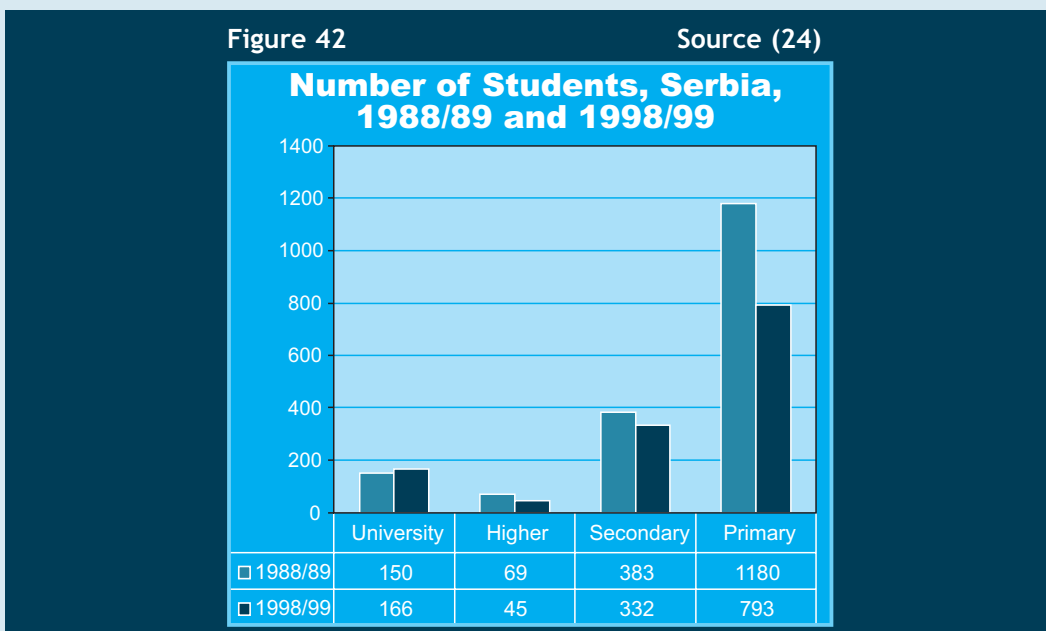
number of deaths from this cause is also rising rapidly. See Figure 40. Contributing causes of increased mortality from all three of the major killers are a high rate of overweight among adults (BMI > 25) at 58%, high prevalence of hypertension at 32%, and an estimated prevalence of cigarette smoking among those above age 18 at 69%. Smoking is highest among those ages 19 - 34 years of age. Twenty percent of hospitalised patients and 35% of all deaths are smoking-related.

Deaths among women per 100,000 births are relatively rare events; their number thus varies year by year making interpretation difficult. A three-year moving average shows that the maternal mortality rate is low and essentially stable throughout the 1990s. See Figure 41.

A decrease in mortality among under five-year-olds and an increase in mortality among older adults have left life expectancy at birth almost unchanged. From 1990 - 1998 in Central Serbia, female life expectancy remained at 75 years and male expectancy at 70 years. In Vojvodina it fell for women from 74 to 73 years and for men rose from 67 to 68 years.

5M. Education

There are about 1.1 million students, 1500 primary schools, and 600 secondary schools in FRY. Public education services still functioned throughout the FRY during the 1990s but the quality and coverage of educational services deteriorated markedly. Schools with a large influx of IDPs and refugees could not attract more teachers or build sufficient rooms. In the most crowded areas there are three shifts of students per day, each lasting 3 hours and containing double the normal number of students per teacher. Under these conditions it is impossible to enforce compulsory education rules. It is estimated that 5-10% of primary school aged children were not enrolled in school and 10-15% failed to complete the school year (4). It is believed that half of Roma children don't regularly attend school.



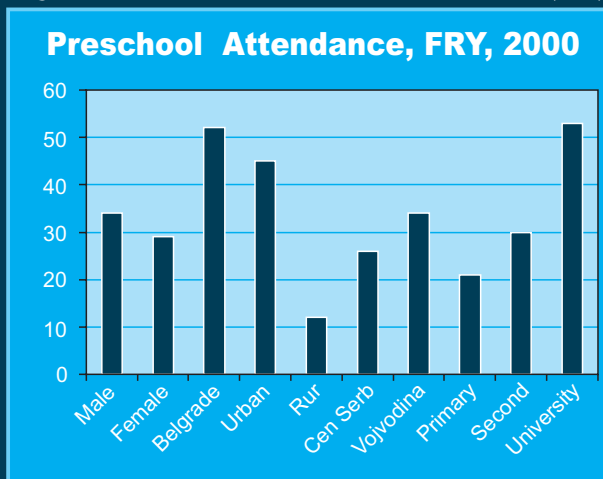
University level education was not effected as markedly. See Figure 42. A rising number of children were misclassified as 'mildly retarded' because they got little attention in schools.

Like in hospitals, covering salaries with shrinking funds left a shrinking pot of money to acquire food for school based meals or provide maintenance to the buildings. About 95% of school budgets went to salaries in the 1990s. Almost no training among teachers occurred in the 1990s. Those affected most were people in rural areas or whose parents had low educational levels. See Figures 43 and 44. More affluent families purchased the services of tutors, schoolbooks, etc, increasing the differences in educational opportunity.

Municipalities provide maintenance, equipment, and funds for food for poor children. Where they failed to raise funds, more children dropped out of school or came to school hungry and were unable to purchase school lunches (48). About half could not afford to buy school lunches. Less than half of all schools were considered in good physical condition. Some schools were totally lacking in electricity and plumbing (4). A third of all schools are not connected to public water systems, depending instead on local wells or without water. Under these deteriorated educational conditions and in a context of loosened social norms and the criminalisation of many aspects of daily life, delinquency rose among youth. See Figure 49.

Figure 43

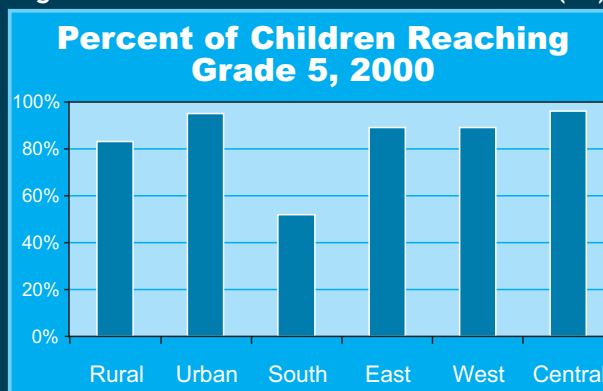
Source (13)



Children in the south and from rural areas were educationally most disadvantaged. These were the areas with the poorest residents and the greatest influx of IDPs. See Figure 44. Illiteracy among adults fell from 11% in 1981 to 7% in 1991. The rate of illiteracy among women was about four times greater than among men in both periods.

Figure 44

Source (13)



6. Why Wasn't the Humanitarian Situation Worse?

People in the Federal Republic of Yugoslavia experienced economic and social blows that have been many and varied during the last decade. Yet mortality went up only slightly, and only among older adults. This reflects strengths in the social and economic systems that may go unrecognised next to the country's many problems:

Good Agricultural Potential

The potential reserve capacity of the agricultural economy to absorb unemployed people, generate alternative income, or provide food for low income families has been a major cushion for the population. With good transport infrastructure in most of the country, adequate rainfall, and fertile soil throughout the country, Yugoslavia is a major potential breadbasket for Europe. Extended family ties between farm and city and the potential for part-time agricultural work for subsistence or additional income facilitated the use of this cushion. The country was essentially self-sufficient in food. 80% of the agricultural land was privately owned and most people had relatives with access to small scale, private farming.

Secure Housing

About 80% of the people live in homes they own and three-fourths got water from relatively protected spring-fed sources. Despite a rapid decline in new construction during the 1990s, the quality of housing stock was relatively good and owners maintained their homes and subdivided them to create new living units far more efficiently than has occurred in some other sanctioned countries. This helps explain the apparent contradiction between a rapid decline in building with an increase in the proportion of the population with access to piped water and sanitation services.

Favorable Geographic Location

The FRY possesses a major European commercial waterway and is situated close to strong economies in Germany, Austria, Switzerland, and Italy. The strong history of open travel to those countries helped cushion the country's economy from radical decline and created opportunities both for grey market trade and emigration to find employment. For decades Yugoslavia has effectively exploited its position between eastern and western Europe to develop trade. The economic and political crises in some of the neighboring countries also prevented strict implementation of sanctions on the FRY. Yugoslavia had extensive cultural exchanges and joint international economic endeavours, giving a large middle class a high degree contact with foreigners and Western European standards of living. Working abroad provided remittances from relatives, helping to maintain the internal market. It is estimated that the equivalent of at least 100 Million US Dollars enters the country each month through remittances. Proximity to western Europe and fear of a sudden influx from the FRY should the crisis become

unbearable, also helped generate large scale international humanitarian funding during the latter half of the 1990s.

Most Medical Products Produced Locally

The FRY benefited from the presence of firms, which produced 60 - 90% of all medicines used in the country. Typically, local industry produced about 100 products. When imported medicines became difficult to acquire, up to 400 different items were produced. This helped keep the medical care system from collapsing. Despite this advantage, much of the foreign exchange and administrative expertise of health system leaders was used to seek laboratory reagents, supplies for diagnostic equipment, and specialized medicines needed to provide care. These problems would have been far greater without the robust domestic pharmaceutical manufacturing industry.

Strong Social Infrastructure

Educational levels, health standards, and institutional capacity were all high and well distributed throughout the Serbian territory since at least the 1960s, with the partial exception of the southern zone near to Kosovo. There were ample numbers of doctors and teachers in long-stable systems of public services. Social welfare institutions similarly reached every community providing cash benefits, psychologists, and social workers. Though dependence on the state was high and many aspects of the economy were centralised, a mature bureaucracy experienced with both the west and the Soviet bloc was agile at adjusting to changing political and diplomatic conditions. Compared to the bureaucracy of the former Soviet Union, this system was far more flexible and accustomed to dealing with a partially privatized economy prior to the crisis years.

Cultural standards were high and in keeping with standards of the region. People continued to expect, demand, and create relatively good nutrition and education standards even when the economy declined. The historically small difference between high and low income groups contributed indirectly to the maintenance of these community standards. The ratio of income among the 20% highest to 20% lowest was about 4-fold, comparable with Nordic countries. This differential widened only during hyperinflation in 1989 and 1993 and again at the end of the 1990s, leaving a high level of economic solidarity among most population groups.

7. Regional Comparisons

Most of the countries in Central and Eastern Europe were under civil or economic dislocations during much of the 1990s. Perhaps none has more constant and varied blows than FRY, but perhaps none has been as flexible or had more potential sources for subsistence and adaptation to face the situation.

Table 3: Comparative Indicators for Central/Eastern European Countries, 1990s
Source: (49, 50, 51)

	FRY	Macedonia	Croatia	Slovenia	Bulgaria	Romania	Russia
GDP per Capita in US Dollars, 1995	1100	820	–	–	1250	1270	–
Greatest GDP decline in 1990s Compared to 1989	-60%	-44%	-42%	-30%	-38%	-25%	-45%
Infant Deaths per 1000 Births in 1997	14.3	15.7	8.2	5.2	17.5	22.0	17.2
Change in Infant Mortality Rate 1989 to 1997	-51%	-57%	-30%	-37%	22%	-18%	-01%
Deaths due to Suicide per 100,000 Population in 1997	15.0	8.7	20.1	28.2	15.9	12.8	–
Change in Deaths due to Suicide per 100,000 Population 1989 to 1997	+7%	-24%	-6%	-18%	2%	12%	–
TB Cases per 100,000 Population in 1997	39.3	34.7	44.9	24.3	41.4	106.0	74.0
Change in TB Cases per 100,000 Population 1989 to 1997	0%	-8%	-25%	-37%	62%	67%	100%
% of 2 Year Olds Immunized Against Diphtheria, Pertussis, and Tetanus, 1997	94	97	92	92	94	97	88
Percent of Population Above Age 60, 1997	18.5	13.7	20.3	18.1	21.6	17.9	17.6
Physicians per 10,000 People, 1997	200	224	220	227	345	184	464
Percent of 3-6 Year Olds in Preschool, 1997	29	18	49	66	60	–	65
Population Growth Rate, 1998	-1.8	6.2	-1.1	-6	-6.4	-1.4	-4.8
Male Life Expectancy, 1996	69.9	70.3	68.5	70.3	67.1	65.3	59.8

In all the countries examined the GDP fell. See Table 3. It fell further in the FRY than in any other country, leaving the FRY with an income level more similar to the regional average in 2000 than it had been ten years before. The rate of mortality among infants is lower and the life expectancy among men higher than in most other countries. While infant mortality declined in almost all the countries in the region, it fell more in the FRY than in most. It has lower than average rates of TB infection, a relatively low percentage of young children in preschool, and one of the lower doctor-to-population ratios in the region. Among other major social indicators the FRY has rates which are typical of the region.

What is most notable about the FRY is that social and economic indicators are unremarkable compared to other countries in the region despite the many and varied threats to health and well being which have occurred there in the last decade. This both reflects the relative resilience of people and the strength of social systems in the FRY, and the general social and economic decline to occur throughout the region in the 1990s. Most of the above countries started and ended the period with a Human Development Index score in a middle range. In the FRY, it had been high and fell to a middle range, where it last was about 15-20 years before.

8. The Impact of Sanctions on Humanitarian Conditions

Where sanctions had only a secondary impact on the economy, their role in the social sector was greater if still difficult to separate from other threats.

Humanitarian exemptions provided under the UN sanctions committee for the FRY were important but problematic. The exemption procedure did provide a mechanism to purchase and import medicines and related products for humanitarian purposes. Like other sanctions committees, the procedure to request an exemption was complex, confusing, and time consuming. The committee was quickly overwhelmed with the volume of requests for exemption and lacked expertise to pass judgement on them. Fully justified requests, even those from the ICRC and WHO, often languished so long as to become useless, requiring the initiation of a new exemption request because of changed specifications, new prices, or changed conditions in the country. Sometimes goods sat at the border awaiting approval so long that the permission to import expired. Some requests never generated a response by the sanctions committee.

Up to half of the FRY funds available for medical imports could not be used because of the lack of timely approvals from the sanctions committee. By 1995 the committee's procedures had improved. Recognised humanitarian organisations were granted blanket exemptions and a basic list of automatic exemptions for humanitarian goods greatly speeded the committee's work (52).

Even at their worst, problems with the sanctions committee paled in comparison to the unanticipated impact of the lifting of UN sanctions. At the time, it was thought that the sanctions committee was responsible for restricted access to medicines and medical equipment. It was widely assumed that lifting UN sanctions would result in a return to 'business as usual'. Instead there was often no business at all when UN sanctions were lifted and companies opted not to trade with the FRY. Medical equipment and pharmaceutical firms had withdrawn their representatives from the FRY during sanctions and sold goods under the authority and legal protection of the UN during sanctions. Perhaps more importantly, the sanctions committee used FRY funds frozen in international accounts to pay for many medical imports. Without the guarantees and supervision of financial transactions by the sanctions committee, firms in the FRY ran up bad debts and lost the confidence of sellers. With a smaller and unstable market after sanctions, continued political instability in relations with the FRY, and on-again, off-again sanctions among the states in the region, many firms thought it economically or politically too risky to enter that market. Ironically, the end of UN sanctions resulted in decreased access to imported medicines. As the UN sanctions committee had fulfilled its mandate to judge and facilitate entry of goods only during its tenure, few were aware the continuing consequence of sanctions and the need for ongoing facilitation of trade to protect the supply of humanitarian goods.

8A. Energy

About 70% of fuel was imported to the FRY prior to 1990. Most of these had been delivered via Croatia State break-up and sanctions restricted access to this source, result-

ing in a three-fold increase in the cost of fuel shipped via the Danube River. Besides financial transfers, sanctions in the late 1990s were especially focussed on crippling the energy sector of the FRY. No goods useful for facilitating the energy sector's maintenance or development were permitted under sanctions. The FRY was already crippled by the closing of the Russian gas pipeline and decreased access to coal (1) - both the result of break-up of the FRY. Without finance, there was no opportunity to develop other energy sources. The country increasingly depended on imported electricity. It is estimated that sanctions were associated with a loss of 16 billion kWh of energy, while state break-up resulted in the loss of 24 billion kWh (1). Consumers prior to 1990 had used forty percent of electricity; the decline in industry left consumer to make up 60% of electric demand, inadvertently increasing the relative weight of the humanitarian, rather than economic, aspect of energy supply. Electric production would likely have fallen more but for the stockpiling of spare parts when the plants were built. The FRY in the 1990s was able to cannibalise and use up reserves of equipment to maintain electric production. By the late 1990s these reserves were exhausted.

Oil, gas, and electric shortages were associated with frequent power cuts and fuel shortages in the 1990s. Lack of fuel effected emergency medical services, heating in hospitals and patient's transport to hospitals. Especially after NATO bombed generating plants and oil storage facilities in 1999, concern about winter cold grew. A mild winter and the exchange of wheat for fuel from Russia prevented a humanitarian disaster in that year. Fuel stocks were far more depleted in 2000 and drought, among other reasons, had kept the country from generating a grain surplus to trade for fuel. Thus, when coal miners struck following elections in September 2000, electricity generation declined and rolling blackouts began within two days. During 2000, if the government had not changed and the EU and US immediately purchased fuel for the FRY, a humanitarian crisis might have occurred in winter.

Fuel deliveries prior to 2000 were funded by international organisations for hospitals and schools, and Hungary was empowered by the EU to facilitate the importation of fuel, gas and electricity (51). Additional assistance was provided to municipalities controlled by antigovernment forces in 1999 in the 'energy for democracy' program. This had far more political than economic or humanitarian impact. Its human rights implications will be examined in a later section of this report.

8B. Trade and Pharmaceuticals

From 1996 - 1998, production of medicines grew to its highest volume ever. See Figure 47. Registered exports of medicines and medical products grew less. See Figure 45. Imports of pharmaceuticals remained roughly stable through the 1990s, with a rising proportion of the value of medical imports in pharmaceuticals. See Figure 46. Increased production, reduced trade, and roughly stable levels of imports meant that medicines distributed from government pharmacies in Belgrade, which fell rapidly from 1990 - 1993, stabilised at relatively high levels. During 1990 - 1993, pharmacists attempted to adjust to the shortfall in access to prepared medicines by doing their own mixing; these supplies were exhausted by 1994, when the system returned to near complete dependence on manufactured medicines. See Figure 48.

When trade with Western partners was cut by sanctions, Russia and China became the FRY's major trading partners. Neither country took part in EU sanctions and only partially observed UN sanctions. Especially in the late 1990s, Russian energy and Chinese pharmaceutical products helped replace lost supply from Europe and the US, mitigating the impact of sanctions.

With a long history of dealing as a non-aligned country with both the Soviet bloc and the west, the FRY was highly skilled at overcoming impediments to trade. Major

Figure 45

Source (9)

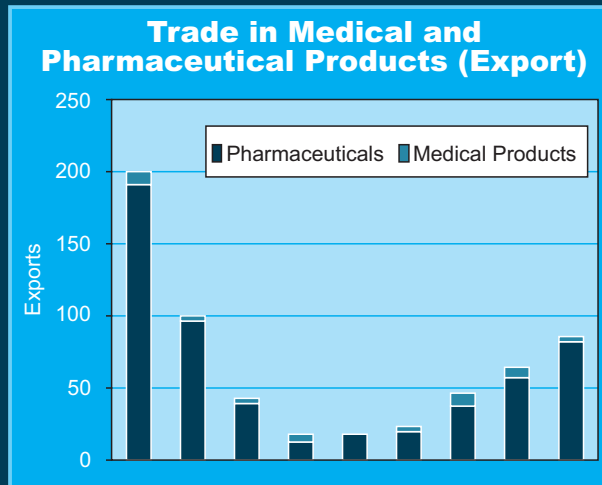
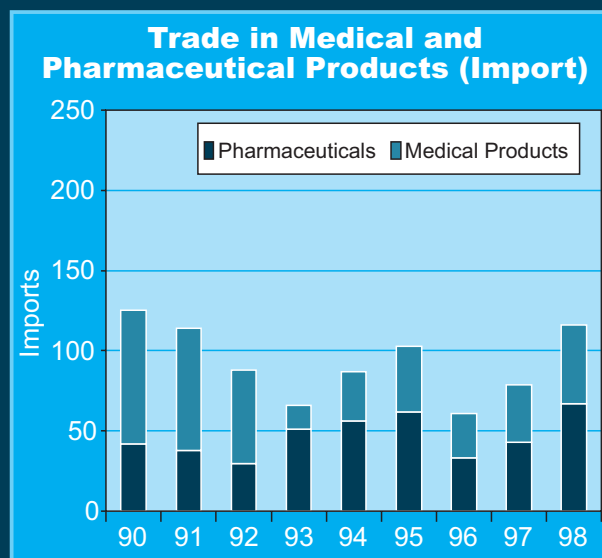


Figure 46

Source (9)



Yugoslav companies and banks already operated as offshore firms prior to sanctions. The use of intermediaries and shadow firms increased rapidly under sanctions and an

Figure 47

Source (38)

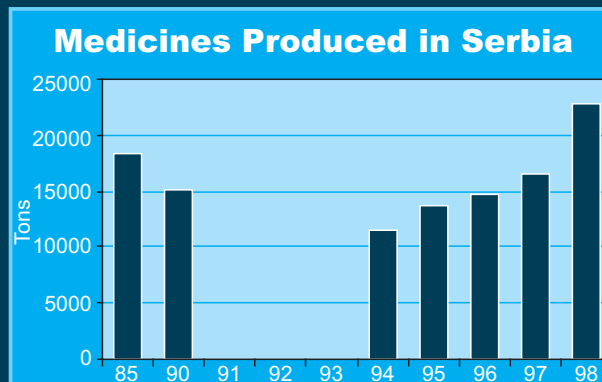
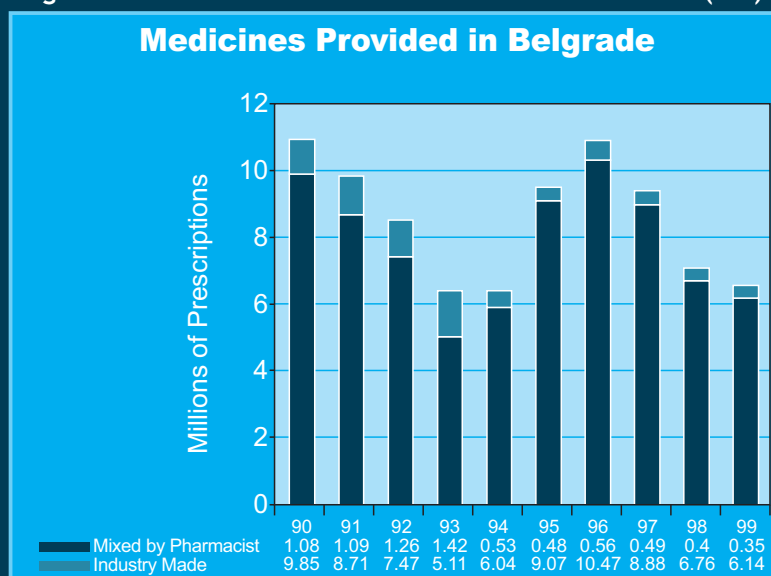


Figure 48

Source (38)



informal, quasi-governmental network to manipulate sanctions-based restrictions on imports developed. Although Sanctions Assistance Missions (SAMs) greatly reduced trade routes through western land borders, the Mediterranean, and eventually the Danube, there were always some international borders open either officially or defacto. In the early years the closest trade relations were with Macedonia and banking was done via firms in Cyprus. Growing restrictions on firms trading through Macedonia and the imposition of Greek sanctions on that landlocked country greatly limited trade, which then shifted to Bulgaria or Romania. EU pressure on Cyprus after the Dayton Accords largely closed that route for financial transactions.

Many European states engaged in maritime trade via the Danube River. Sanctions initially exempted transshipments via the Danube, until it was determined that the FRY carried out much of its trade does under the exemption for transshipment by other countries. SAMs so greatly reduced transshipments that neighbouring countries complained more loudly about the impact of sanctions on them than did the FRY! A particularly complicated case was the importation of precursor materials for the pharmaceutical industry of the FRY. Able to produce about 80% of the medicines consumed in the country, the industry was nonetheless oriented to production on a scale which met regional demand for about 100 products for a market of about 20 million people. The FRY was exempted from sanctions for the importation of materials for domestic use, including precursor materials for their production. But SAMs frequently encountered attempts to export medicines. The FRY was warned that continued attempt at export would result in a loss of the exemption to import precursor materials. This exemption was cancelled in 1994.

The duality between international-economic and domestic-humanitarian goods appeared again in 1999 when Iraq attempted to purchase a large stock of hydrocortisone cream from FRY producers under its UN-administered 'Oil for Food' program. Iraq was permitted to import the medicine under UN humanitarian exemption, but the FRY was not permitted to export under its EU and US sanction. Permission to export was held up for more than a year while Iraq refused to make a new order from another country; the case was still pending as of this writing and Iraq lacked this important and frequently used skin preparation for most of a year. In an unrelated case, humanitarian need was judged to take precedent over sanctions. When diphtheria broke out in

several central Asian and eastern European countries in 1994, the FRY was identified as a major potential source of antiserum. The UN sanctions committee authorised a one-time sale of 12,000 vials of antiserum. The exemption was approved in SC resolution 967 (1994), the same day the request was made.

Production during sanctions was focused much more on the domestic and nearby regional markets. While the number of items produced rose to about 400, the amounts produced were much smaller, particularly for vaccines. FRY firms had historically made about 80 million doses of DPT vaccine. When international sales were prohibited DPT vaccine administration fell in India, a major traditional market.

8C. Financial Isolation

Arguably the most important of all the sanctions on the economy were US and EU financial sanctions. These limited access to capital far in excess of their official dollar value as they signaled an insecure investment environment to potential private investors. The country's economic decline was far greater than the value of humanitarian donations, although these donations were among the highest per capita for any recent humanitarian crisis in the world.

The impact of sanctions on investment and financial transfers was more dramatic and more complete than its impact on trade. A severe capital shortage and the near-inability to transfer funds through normal mechanisms greatly restricted economic activity. The IMF, the World Bank, and the European Bank for Reconstruction and Development refused to guarantee transactions as part of the EU and US sanctions. Investment thus became far more risky, more complicated, and required dealing with non-traditional actors when FRY was unable to take part in routine bank transfers.

Financial sanctions also had an impact on humanitarian conditions. Sources of external support for families, especially including WWII reparations, private philanthropic assistance, and remittances from family members abroad, were interrupted or lost in the banking freeze. International humanitarian organisations also experienced complications due to the banking crisis. In 2000 the IFRC and ECHO arranged to fund the local purchase of 4000 tons of wheat for the WFP in Belgrade. Funds and approval went from Brussels via Geneva to a bank in Germany, where it was frozen. After a month's delay seeking to unfreeze the funds, they were withdrawn and re-routed via a bank in the U.S. Funds reached Belgrade for this humanitarian program only because the US bank was unaware that restrictions on transactions with the FRY existed.

8D. Intellectual Isolation

Restricted cultural and social contacts caused intellectual and scientific isolation that was felt strongly by people in the FRY. Restricted from international travel, denied scientific information, cut-off from research funding and shunned by professional organisations, many of those most capable of responding to the country's humanitarian needs were discouraged from acting both by the Milosevic government and its international adversaries. This isolation may take more time to heal than the economic blows that occurred in the 1990s.

UN and other international organisations were constrained by sanctions in pursuing their humanitarian missions. The UNDP had only an observer mission in Serbia until 2000 as the crisis precluded investment in development activities. UNESCO, whose assistance could have helped a great deal with education and cultural isolation, never fielded a mission. WHO similarly could only field an observer mission as, per its constitution, the FRY was no longer a member state of the organisation while it did not occupy its seat at the UN. Even WHO scientific publications were not officially permitted into Serbia

during UN sanctions; they could be sent only privately and unofficially at the discretion of individual offices.

Sanctions regulations on scientific, technical, and cultural exchange were never clear. In practice each government and many organisations made their own interpretation of intellectual and communications policy regarding sanctions, making this isolation arbitrary and unpredictable. Yugoslavs were cut off from Humbolt (German) and Fullbright (US) scholarships, but continued to be eligible for Socrates and Erasmus (EU) scholarship programs. The World Health Organisation was asked to assist with financial reform of the health system. But since the organisation fielded a humanitarian mission rather than a regular country office, such assistance was not provided. People from the FRY were not permitted to participate in most of the annual scientific congresses in Europe, while some associations not only permitted their continued participation but provided funds to make it possible. Some associations discouraged the publication of papers in scientific journals by authors from the FRY. Subscriptions to professional journals did not arrive and repair and maintenance contracts for medical or laboratory equipment were no longer honored. Those communications and relations that continued did so because of personal friendships. Many foreign physicians, for example, visited the country, bringing needed reagents, filters, and other goods to continue joint research. In one case, the Serbian designer of a multi-country research project listed himself only as a field site in neighboring Macedonia, where he went periodically to collect materials and funds to continue taking part in the project.

One of the worst aspects of international isolation was the loss of information and communications. During 1992 - 1994 international mail delivery was virtually halted, making any journal subscriptions useless even if the journal intended to continue mailings. This isolation was greatly attenuated for the small group of people who got Internet access and email accounts in the early 1990s. "We were OK in theory", one leading physician said, "because my colleagues and I keep in touch. But in the hospital or other institutions, where doctors have no journals or international contacts, how can they get by?" Despite threats on all sides, Internet connections were never blocked or halted.

"Sanctions isolated us, and we further isolated ourselves during the years of sanctions". Isolations stemmed both from a 'wagons in a circle' consciousness of exclusion from the mainstream of European life as well as border controls both within and outside of the FRY.

8E. Adaptions with Humanitarian Consequences

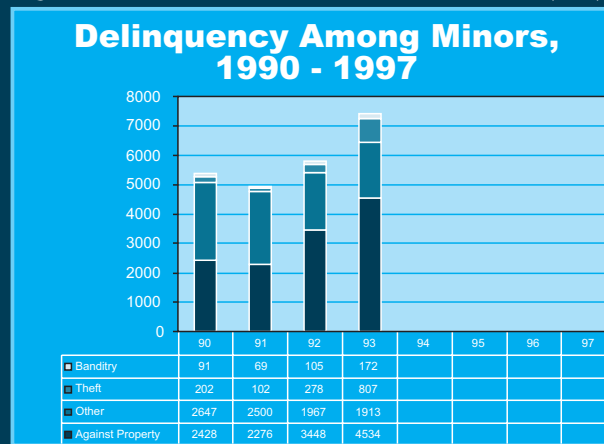
While mortality did not rise notably, the adaptions that people made were not without humanitarian cost. The gradual rise in importance of the private sector in all areas, including in social services, weakened the social fabric, encouraged disrespect for social norms, and created great inefficiencies and imbalances in the economy. By the end of 1990s most medicines and medical procedure were purchased privately. IDPs, refugees, and other disadvantaged groups were thus doubly disadvantaged as their earning power went down as prices rose. Survival became precarious for many, depending on political or family connections, or charitable help from humanitarian organisations.

"In kind" income sources, subsidies, pensions, and price controls prevented disaster. Price control protections were lost after the change of government in 2000, creating further vulnerability among pensioners and other poor.

Many people lost employment via privatisation, decapitalisation, loss of markets by state break up, lack of credits and loans. Many others retained employment only because of political connections or involvement in grey or black market activities. Much of the population is unemployed, 'on leave' from employment, IDP or refugees, pen-

Figure 49

Source (38)



sioners not receiving any significant financial support, or working without legal protections in unregistered economic activity. In such an environment, it is not surprising that drug use and domestic violence have reportedly become more common. Although begging or prostitution are said to have risen, they are not apparent.

The effects of the social crisis on future generations is likely to be great. Rules governing social support broke down. They were replaced by benefit structures from both the FRY government and the international community that appeared arbitrary. The lines between legal and illegal activities and the value of education and role of health care became blurred. Parents became less of a role model for their children; those engaged in criminalized activities looked increasingly attractive as models of success. Above all, there was a confusion in values and a lack of vision for legitimate roles for young people in society. "Just when they were coming into the world, the world was going away from them." In 1991, 26% of young people reported experiencing a psychological or emotionally traumatic experience; in 1999, 51% reported having such an experience. These experiences were many and varied; there was little difference in their prevalence between refugees and the local population. Where close-knit social identity had once prevailed, the FRY became a "community of individual survivors". It is believed that the impact of these experiences will retard recovery and distort development for years to come.

Reported criminal delinquency among young people rose to 15/1000 in the early 1990s, from 11/1000 in the mid-1980s. See Figure 49. The greatest interpersonal violence is believed to occur among refugees and IDPs in private housing accommodations, out of the reach of social services, humanitarian benefits, or public scrutiny.

Just what involved sanctions, and how much sanctions affected humanitarian conditions, was never clear to most people. The government blamed the so-called "unjust and unprovoked" sanctions for almost everything, including profiteering by the government and its allies carried out in the shadows created by sanctions. Most people believed this rhetoric, as it was consistent with the worsening conditions in their daily lives. Indeed, sanctions to most Yugoslavs came to become a symbolic shorthand for describing the full range of woes visited upon the country in the 1990s. The specific relation of sanctions to these ills was seldom elucidated or questioned.

An influenza outbreak in the winter of 1999/2000 exemplified the confusions. Mortality rose among aged and debilitated groups as often occurs with a virulent strain of influenza. But with decreased access to fuel, food, and other humanitarian goods, most people thought that cases were caused by the common cold exacerbated by sanctions. Only

with time did it become clear that the population was not debilitated as they imagined, but had suffered an influenza outbreak.

Many of the social ills afflicting Serbia during the 1990s have effected other countries of the former Soviet Bloc as well, though most of those countries did not experience state break-up or war. It is likely that some of these effects would have occurred through economic dislocation, privatisation, and economic decline unaccompanied by sanctions. In the context of intellectual isolation and confusion about causes, the clear impact of sanctions was to delay and weaken both individual and governmental responses to these social ills.

8F. Distorting Access to Humanitarian Goods

Sanctions on the FRY are considered to be the most effective of the post cold war sanctions regimes due to sanction assistance missions (SAMs). But goods always did get through, with varying sources and increased cost. From inside FRY, sanctions looked very porous. But since they raised the cost of goods, those groups able to pay higher prices got far more goods. Luxury goods thus became more widely available than schoolbooks or basic medicines that are not produced in FRY.

The impact of external limits was multiplied by the FRY government, which sometimes created its own internal sanctions via control of the borders to limit competition, increase price and profit to government-related importers, and engender allegiance through control of trade.

At first, firms to import medicines were established in newly independent Macedonia and Bosnia to import unofficially into Serbia. When distributors limited access via this route, a network of smaller shadow companies, tied to the FRY government and changing their names, location, and bank accounts in a variety of neighboring countries were formed. When SAMs made unauthorized imports difficult from some ports of entry, there was always at least one other neighboring country that kept an open border and a closed eye toward prohibited imports. These arrangements cost time and money; a common border crossing fee for an unauthorised truck was said to be \$500 and each time goods changed hands prior to entering the FRY the price rose by an average of about 10%. Goods often changed three hands times in the process of entering the country. Humanitarian goods were not distinguished or protected from this sanctions-related inflation in prices. Goods, thus, had to be of high profit potential to import under these conditions. This helps to explain why, when only a third of previous funds were available from the government to purchase basic medicines, and due to sanctions-related 'taxes' the price for these goods had risen by about a third, advertisements for non-essential 'lifestyle' drugs were ubiquitous in Belgrade newspapers and millions of dollars were spent on them each year.

In the latter 1990s international financial regulations and the desire of the FRY government to control all imports conspired to limit smuggling to those goods that were imported with cash or arranged through FRY banks. In practice, this meant that traditional importers were excluded from the business and firms associated with the regime that exported timber, wheat, or military goods were the main importers of medicines. Traditional importers had accumulated large debts and, without reliable banking systems, most manufacturers refused to ship more goods to them. The crisis in credit and financial transfers reached a peak in the summer of 2000. In response to a plan to eliminate the EU flight ban and make the targeting of sanctions more precise, a plan was initiated to prohibit trade with a 'black list' of firms associated with the Milosevic government. But such firms had shadow directorates and changed their names and apparent corporate structure frequently; it was impossible to be sure which firms to target and there was fear of lawsuits from those wrongly targeted. A 'white list' was instead

drawn up of firms not associated with the government. EU would only trade with 'white list' firms; competition to get onto the 'white list' was great until the FRY government, in an unexpected but predictable move, put all EU 'white list' firms on their own 'black list'. In August 2000, with white and black lists of sanctions and counter-sanctions in place, there were virtually no firms able to engage in legal international trade in the FRY. Even international NGOs were unable to transfer funds or import goods in a normal manner. Yet purchases as mundane as ketchup packets for fast food restaurants continued to enter the market freely. Sugar, on the other hand, produced and distributed in Serbia by government-related firms, became scarce. International purchases were paid for on private credit cards and agencies handled bags of cash to avoid prohibited banks.

Even cash did not assure a willingness to sell. A Belgrade hospital tried to purchase a CAT Scan for radiology diagnostics with US \$ 1.6 million in July 2000. The US blocked the sale by a German firm because it included advanced US computer technology. A month later, a US firm offered to sell a similar machine directly! An attempt to hire an international firm to build a new hospital after NATO destroyed two in its 1999 bombings was similarly unsuccessful.

The social impact of the shrinking circle of importers left an increasing proportion of all trade in the hands of those most closely associated with the FRY government. Military firms importing medicines used commercial and political rather than technical or humanitarian criteria in determining what goods to import. Thus, the same black marketers and political cronies of the Milosevic government became the market for luxury imports. In turn, a growing population of vulnerable people had to depend on a shrinking market of basic and humanitarian goods.

International organisations throughout the 1990s acted as humanitarian advocates. The financial value of international assistance to the FRY can only be guessed at. The UN's information systems chose not to distinguish assistance provided to each of the 6 republics of the former Yugoslavia until 1999. The first large wave of funding to the region began in 1994 after the fall of Srebrenica. Assistance rose again following NATO bombings in 1999. Yet relatively few of these funds went to Serbia. Most NGOs and UN organisations avoiding the complex political environment of Serbia, preferring to work in less ambiguous situations in Kosovo, Albania, Croatia, or Bosnia. In 1999 there were 33 NGOs working in Serbia, while there were 160 in relatively prosperous and far smaller Montenegro. A new wave of assistance to Serbia came after elections in the 2000 as the humanitarian crisis was abating. All tallied, international assistance to Serbia during the 1990s reached more than US \$1 billion while assistance to the states of the former FRY may have reached US \$ 10 billion. This level was unmatched per capita despite worse crises among larger populations in some of those countries (e.g., Rwanda and D.R. Congo). Despite these unprecedented levels of aid, the amount is small compared to the estimated loss of US \$165 Billion to the economy during the 1990s.

8G. Distorting Vulnerability

Many types of risks and protections overlapped to create a unique set of vulnerable groups. Traditionally, those with less education or living in rural areas had the greatest risk for poor living status in the FRY. Economic decline in Central and Eastern Europe after the end of the cold war made those who were employed by the government without additional sources of income or subsistence a new 'at risk' group. As has been shown, this group was relatively smaller in the FRY than in many other countries as 25% of people engaged in part time agriculture and many more had relatives producing food.

War in Croatia, Bosnia, and Kosovo created refugees and IDPs who, if they lacked skills, family connections or party affiliation, or if they settled in poor communities, were subject to more dangers than the settled unemployed, underemployed, and pensioners. Many in these groups benefited substantially from assistance by NGOs and the local Red Cross. Those at greatest risk among the refugees and IDPs were those in private homes and not registered to get available assistance. An ICRC survey in 1999 found that IDPs receiving assistance had fewer problems than local 'social cases' who received assistance on an irregular basis. Even some Ministry of Social Welfare staff were worse off economically than favored beneficiary groups!

The large middle class of engineers, teachers, and government bureaucrats lost income, status, and options throughout the 1990s. A new and much smaller class of people involved in smuggling and the black market partly took their place. Those who lost the most overall were women and children. Women lost the protections they previously enjoyed under government control throughout East Europe, and were exposed to a commercial environment where they had fewer salable skills, less opportunity to engage in the informal sector, and more demands in maintaining their families. Children grew up in a society of declining options, increasing instability, and a failing sense of social normalcy and legitimacy.

8H. Defending Human Rights

Sanctions were established to oppose policies of the Milosevic government, which violated political and civil rights in and around the FRY. In the process of implementing sanctions, further violations of social and economic rights were imposed by the international community. By contributing to the weakening of the FRY's economy, sanctions further reduced funds available to the government and buying power of millions of people in the FRY in pursuit of food, shelter, employment, education and health care. All of those rights associated with basic human dignity were already under threat by the social and economic crisis in the country. Their exacerbation by sanctions is seldom possible to specify apart from the larger crisis within and between the FRY and its neighbors.

By interrupting communications, international civilian travel, and information exchange, sanctions exacerbated deprivation. People would not have been prevented on a large scale from travelling, receiving mail and journals, participating in scientific activities and international organisations, or providing or receiving funds through banks were it not for sanctions. That international organisations also suffered under these conditions, making their work and lives more difficult, is a further expression of the indiscriminant nature of these provisions.

The UN sanctions committee provided a previously unrecognized benefit to the FRY in authorizing and legitimating the purchase of humanitarian goods during its existence. Despite shortcomings in the efficiency of this system, it provided important protections in access to humanitarian goods. This only became apparent when access declined after UN sanctions were ended and the committee no longer functioned. Then, a wider initiative against the FRY came to the fore, discouraging trade, aide, and contact with people in the FRY which went far beyond the sanctions rules on air links and commercial relations. In some cases people were denied the chance to purchase medicines and medical equipment, attend professional meetings, or receive published scientific information from international organisations, though there were no rules enacted to limit these activities. Other individuals and organisations continued to permit purchases and participation of people from the FRY, not sure if these activities were legal or not.

More insidious still were the effects of sanctions on the relative ability of differing sectors of society to acquire public goods and services as well as employment, housing, and

food. Sanctions made people depend more on the Milosevic government for imports and exports. The government's internal controls on access and the price of goods seem to have been at least as important as the international limits imposed by sanctions. They facilitated abuse of access to basic entitlements and opportunities, thus worsening discrimination. Rather than respond to the needs of vulnerable groups, sanctions contributed to vulnerability among those not associated with the government or involved in black marketing. So, for example, while there was a shortage of medicines overall during sanctions, the effective shortage was exacerbated in a smuggler's economy where luxury imports became widely available but insulin and basic antibiotics were sometimes not. This distortion of the economy and social structure reduced the effectiveness of efforts to meet the basic needs of the population. Though some groups - including refugees, IDPs, and some of the poor could be targeted for assistance, the broader needs of children in schools, patients in hospitals, pensioners on fixed incomes, and workers 'on leave' could not.

A basic humanitarian principle is that essential goods should be made available to people without political conditionality. The government of the FRY made a positive contribution to this by making subsidised food staples available throughout the country. As the quantity of subsidised foods were limited, in practice it was often those with greater need or less opportunity for remunerative economic activity who got these items. In the case of energy supplies, discrimination was political rather than humanitarian. The Milosevic government made less oil and coal available to communities that had voted against him. The EU, in response, provided energy and other supplies to 34 opposition communities in its 'energy for democracy' program. To reduce the appearance of politicization, fuel was later offered to 3 pro-Milosevic communities. They did not accept the oil, but benefited by government taxing of these imports and reduced demand on government stocks from recipient communities. These complex mixed and conflicting principles of political and humanitarian criteria on access to fuel obscured the human rights related objectives of sanctions and made the change in government in the fall of 2000 a more ambivalent victory.

9. What Can Be Done Now

Sanctions and the crisis of the 1990s came into existence over a long period of time. Overcoming their effects will also take extended periods of reform and development. But many changes to improve people's lives can be initiated immediately.

Improving water quality and availability

The water situation in Novi Sad and other cities bombed by NATO in 1999 should be addressed urgently. UNEP should be encouraged to speed up expanded monitoring of ground water and report the results publicly and frequently. Every such report is an opportunity to educate the public about water quality and its importance. A variety of other options for the provision of safe water should be explored.

Promotion of breast feeding

The unplanned limitations on importation of infant formula to occur in the 1990s should be maintained now as a matter of policy. Formula should come under the control of physicians and be dispensed for medical reasons. Health education in pregnancy and during well-child visits, and through the establishment of more baby-friendly hospitals, should be used to help raise the practice of breast-feeding. This will contribute to the reduction of nutritional, immunologic, and cardiovascular illnesses.

Public health interventions

Government monitoring, testing, and requirement to iodize salt helped prevent the emergence of an epidemic of iodine-deficiency illnesses. Such mandatory supplementation should be maintained and other nutrient supplementation should also be considered.

Fluoridation of municipal water sources and immunisation are among the cheapest and most effective health interventions in any country. Historically the FRY had many achievements in these areas. A rededication to these traditional public health priorities is now in order.

Import and other controls on drug supplies

The government should similarly reassert monitoring of the quality of imported medical products. The importation of unauthorised medicines for the treatment of Tuberculosis should be prohibited. All agencies providing TB treatment should do so under the approval and coordination from the Ministry of Health.

New medicines are entering the FRY in the unregulated private market that sprung up during the 1990s. An accounting should be made of these products to organise physician and public education on their use. Medicines not on the formulary should not be permitted. This will reduce cost, prevent unnecessary use and side effect, and increase effectiveness. The FRY Law on Trade of Pharmaceuticals is the appropriate tool for this regulation. Whose efforts to assist the government in implementing this law should be further encouraged.

Information management

Modernisation of FRY will require the development of a cadre of technicians in data collection and processing, and information management. High schools and universities can speed the recovery of FRY by developing teaching programs in these fields. The development of such programs was retarded by isolation over the last decade.

Prioritizing programmes

Ministries of the government now have an excellent opportunity to review their programmes. Non-institutional programmes, like the fostering programme for children, are often less costly, can involve community resources and decision-making, and are likely more effective. Such programmes declined the most during the 1990s; many should receive new priority now to deal with a variety of over-centralized social service functions.

Many assessments of conditions of life have been carried out in recent years. This report draws on many of them. Further analysis of existing data, including a joint WHO/UNICEF field study from 2000, should be done. Future research efforts should focus on consumer choice, satisfaction, and desires in order to facilitate the reform of services and promotion of health.

10. Post-Sanctions Recovery

Approaches to redevelopment in FRY should take the local experience of the last ten years into consideration. Funding for very high capital inputs as in East Germany will not likely be available. Economic shock therapy as was tried in Poland would doom the FRY to far greater problems after the last 10 years of decline and destruction. A different path than either of these extremes is needed.

Some may wish to re-establish the system of comprehensive state medical and social services that existed prior to the 1990s. Such a backward-looking approach is a poor basis for planning today. Priorities in the social sector should instead be the training and retraining of health and education staff to catch up to standards of practice in 2000. In the health sector, for example, this would include a shift in attention from curative to preventive and promotive actions health and social welfare practices.

Reforming medical education and practice

Medical education and practice has been largely stagnant at the levels and styles popular in 1990. The cultural and informational isolation of FRY has prevented the adoption of more efficient or effective medical practices to date. This, for example, includes long hospitalisations for conditions that can now be dealt with more effectively through outpatient or day hospital procedures. Reports exist of outdated or inappropriate medicines being sought by clinicians when more effective and/or cheaper new alternatives exist. There is also a strong trend toward utilisation of new, expensive drugs when older, cheaper preparations are similarly effective. This kind of pharmaceutical promotion by profit-oriented firms is a product of the isolation of the 1990s and a passive approach by the government to the uncoordinated privatisation of many medical care services.

During the last decade the development of 'evidence based medical practice' has greatly revised the nature of medical practice. Where there are proven benefits from screening for or treatment of disease, more aggressive use of these tests and procedures is indicated. Where common practices have been found to be ineffective or harmful, they should be stopped. Training in evidence based medical practice and review of the Preventive Health Services Task Force recommendations on the use of screening tests should be popularised. Thus, on par with a focus on producing and importing medicines, pharmacy education to physicians and pharmacists is widely needed to improve the utilisation of these products. Such education should be integrated into the curriculum of medical students and practitioners alike and can most readily be introduced with computer-based education and Internet-based research.

Prevention and promotion

Rehabilitation and resupply of primary and secondary health facilities of pharmaceuticals, equipment, and laboratory materials will be needed to improve the quality, effectiveness, and timeliness of the care that they provide. In terms of reducing mortality, the areas of greatest benefit will be in care for cardiovascular diseases and cancer.

But gains against these killers will occur more through social reform and preventive medicine than by clinical improvements. The prevalence of smoking, obesity, con-

sumption of saturated fats, and sedentary life style are all very high. Until these behaviours are changed, improved diagnostics or treatment for lung cancer will not arrest rising incidence of the disease. Changes in diet, exercise, and monitoring and control of cholesterol and blood pressure will be needed to attack the epidemic of cardiovascular conditions.

The role of the state

The system of public entitlement to a wide array of care and protection has been severely impoverished over the last ten years. Now is the time to decide which aspects of public and curative health will remain a public entitlement and which will be privatised. Without such a process, the public health activities and primary medical care that was previously advanced in FRY, including school-based dentistry, home visits for health maintenance, and well-child visits to outpatient centers, will deteriorate far more. In their place, ineffectual and expensive hospital based curative care will develop for those able to afford private insurance or able to attract charitable resources. In this regard, the international movement of the last decade toward specifying essential public health services and identifying the agencies responsible to monitor or provide those services provides an excellent guide to the FRY and should be studied.

A similar process is needed in setting priorities and learning from international developments in education and social welfare.

Reforming social sector administration

The public health system has an excellent inheritance in 23 regional, a republic, and a federal public health institute. These offices can now become more relevant for the co-ordination in the mixed public/private environment, with both curative and preventive priorities and a need to generate local funds and be responsive to population interests. In the past these offices mainly collected data on services funded by the central government and mandated without the participation of beneficiaries or taxpayers. They can change from providers to co-ordinators, using data to engage in public dialogue rather than responding to organisational priorities. By comparing local rates of illness and service utilisation, these offices can now lead a dialogue about institutional reforms, payment systems, and public priorities. These institutes could also broaden their missions to provide local level assessment and co-ordination among education and social welfare as well as health services.

Above all a shift is needed from central governmental decisions about entitlements to one using consumer and citizen consultation to determine what services are most desired and best accepted. The study of consumer desires, quality, and satisfaction with health and other social services is relatively young internationally and was virtually unknown in Central and Eastern Europe. Collecting information from health opinion, knowledge, and practice surveys is an excellent step in this direction. The FRY could quickly become a leader in this for the entire region. This process, if carried out at the local level, can be a building block for democracy by contributing to strengthening the capacity of local government to respond to constituents rather than follow central directives. Local government, in co-operation with their communities, will be the best nexus for generating resources and responding to demands for health, education, and other services in the years ahead.

11. Learning from Sanctions on the FRY

Intellectual and cultural isolation

While not part of the stated intentions of sanctions in FRY, cultural and intellectual isolation of the country was one of its major impacts. Sanctioning bodies, however, should make clear that such isolation is not among their goals and work to facilitate mechanisms, including mail and Internet communications and sales of humanitarian goods, which are permitted under the sanction rules.

The status of UN humanitarian organisations working in countries that are not currently members in good standing of the UN general assembly should be reviewed. The current arrangement of 'observer' missions, which do not officially permit the sharing of scientific information or the provision of technical assistance with potential humanitarian benefit, should be revised. It may require the creation of a new kind of observer mission status that does not contribute to the intellectual and cultural isolation of the target country.

Improving the administration of humanitarian protections

Sanctions committees and related bodies under the mandate of the UNSC or other international political bodies have a particularly important role to play. Sanctions committees in the past have been set up to judge what goods should be allowed into a sanctioned country. The UNSC could instead play a proactive role by setting up parallel mechanisms to assure a 'humanitarian corridor' to assist in the acquisition of approved goods, including intellectual goods. Such a group should also be proactive to assure that permitted goods can indeed be acquired and take action to prevent the discouragement of such sales during and after the period of sanctions. It can facilitate monitoring of humanitarian conditions and help identify and respond to the needs of vulnerable groups. These recommendations are consistent with the recommendations of the informal Working Group of the SC to increase secretariat capacity to monitor and implement humanitarian protections under sanctions.

Monitoring humanitarian impact

Monitoring of the humanitarian impact of sanctions should begin as soon as sanctions are contemplated and continue throughout and following the period of sanctions. It is sobering that even well trained professionals working with good data systems in the FRY believed that the major impacts of sanctions were a rise in infant mortality and an increase in malnutrition among young children. Not only were these popular views untrue; infant mortality declined faster in the FRY than in any other country in the region! At the same time, a rise in mortality among older adults and a growing epidemic of cardiovascular illnesses went largely unnoticed. The greatest problems of food availability did not occur among young children, but among pensioners in cities, hospital patients, and some refugees and IDPs. Impartial monitoring by international authorities throughout the period of sanctions can help reduce such misinformation, draw atten-

tion to real problems, help identify vulnerable groups, and facilitate a more effective response to problems among those in greatest need both during sanctions and after they end. Such monitoring should be informed by the experiences of other countries to focus on those humanitarian indicators that may change in a short period of time at a country's level of social and economic development. This will more often include process indicators of access to expected goods and services than disaster-related outcomes of child malnutrition and mortality.

As the FRY case shows, monitoring should not only be focussed on humanitarian conditions, but on the effectiveness of sanctions exemptions as well. National level monitoring should be supplemented whenever possible with support and encouragement of local level assessments. The latter can strengthen the ability of local communities to raise funds, set priorities, identify those groups and individuals at greatest need, and engage in local capacity building to speed recovery. Assessments should be multi-sectoral and be carried out periodically to identify trends in the population rather than just one-time snapshots of the situation.

What constitutes a humanitarian emergency? Better assessment of the humanitarian and human rights conditions in countries with sanctions and other threats to well being should help us begin to answer this question.

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