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## I SUMMARY

### Social Security

Eligibility	All wage earners and self-employed. Participation is mandatory.
Retirement Age	60M/58F Will be gradually increased to 65M/F, commencing in 2036 until 2048.
Contributions	20% of salary for old age, disability and life insurance, 12% for health, 1% - 6.5% for short-term insurance for work injury/disease, 3% for unemployment.
Retirement Benefits	Benefits depend on average salary and years of contribution and must not exceed 90% of average salary.
Disability Benefits	Disability benefit for a person first insured on or after the new legislation came in force is calculated using the insured's average annual indexed earnings. 60% of the insured's average adjusted earnings during the contribution years before the onset of disability, for a person who first joined the social security system on or after January 1, 2000. For a person who first joined the social security system before January 1, 2000 special conditions apply.
Death Benefits	Death benefit for a person first insured on or after the new legislation came in force is calculated using the insured's average annual indexed earnings, on the basis of 2.5% for each 360-day period of contributions until 2015, 2% for each 360-day period after 2015. 60% of the insured's average adjusted earnings, plus 2% for each 360-day period of contributions beyond 8,100 days but not more than 9,000 days, plus 1.5% for each 360-day period of contributions beyond 9,000 days, for a deceased person first joined to the social security system on or after January 1, 2000. For a person first joined to the social security system before January 1, 2000 special conditions apply.
Medical Benefits	Medical care includes general and specialist care, hospitalisation, clinical and laboratory examinations required for diagnosis and treatment, medicines, maternity care, appliances and transportation to and from the place of treatment. The social security system covers 80% or more for out-patient treatment.

**Private Benefit Plans**

Eligibility	Voluntary system for all employees. In order to qualify for benefits, participation must be at least 10 years for the private pension system and/or endowment products.
Retirement Age	56M/F for the private pension system. There is no age limit related to life insurance benefits (endowment products etc.).
Contributions	Many plans are financed by employee contributions only. Larger domestic employers and multinational companies contribute to pension schemes as well.
Retirement Benefits	Based on defined contributions.
Disability Benefits	No long-term disability benefits available. There are separate policies and life riders for prolonged disability, providing a top-up to state benefits in the form of lump sum payments (no pension).
Death Benefits	Not provided by pension plans. Endowment products or annual risk plans offered by life insurance companies have a death benefit with coverage of usually 1-2 times the annual salary.
Medical Benefits	Most employers provide some form of medical programme. Employees may have to contribute to the cost of the plan for themselves and can buy additional cover for their dependants.
Vesting	Both employee and employers contributions are vested.

**Taxation**

Employer Contributions	Social security contributions are fully tax-deductible. Contributions to private pension plans, to savings, death and disability plans are deductible subject to certain limits.
Employee Contributions	Social security contributions are fully tax-deductible. Contributions to private pension plans and to savings, death and disability plans are deductible subject to certain limits.
Benefits	<p>All social security and occupational death and disability benefit plans, both lump sums and pensions, are tax-free.</p> <p>25% of the benefit payment of a lump sum pension is tax-free; the other 75% is subject to a withholding tax of 5%. 10% of the benefit payment of a lump sum savings product is tax-free; the other 90% is subject to a withholding tax of 10%.</p>

## II INTRODUCTION

### Country Statistics

Population/ growth rate	76.8 million (2009 est.)/ 1.3% (2009 est.)
Age structure	
0 - 14 years	27.2%
15 - 64 years	66.7%
65 years and over	6.1% (2009 est.)
GDP purchasing power parity/ Real growth rate	USD 861.6 billion (2009 est.) -5.8% (2009 est.)
Agriculture	9.4%
Industry	25.9%
Services	64.7% (2009 est.)
Unemployment rate	14.6% (2009 est.)
Inflation rate	5.9% (2009 est.)
Annual gross salary*	in TRY
Labourer	General: 20,729    Skilled: 32,055
Professionals	Junior: 49,569    Senior: 76,653
Management	Lower: 118,536    Upper: 183,302
Legal minimum wage	TRY 638 per month
Exchange rate on February 28, 2010	1 TRY = 0.6464 USD
Currency: Turkish Lira	1 TRY = 0.4761 EUR

\*Source: Mercer's International Geographic Salary Differentials, Edition 2008

## Legislation and Insurance Market Update in Brief

### *Social Security Reform*

Following decade-long planning and discussion, on October 1, 2008, a new social security system was implemented in Turkey. The key changes were an increase in retirement age (which, however, will only be phased in from 2036 onwards), and a merger of several health insurance funds.

The key changes affect health insurance; measures include free healthcare for those earning up to one third of the minimum wage, free treatment for war veterans and their relatives; early retirement for mothers with children with special needs; coverage of social security also to those aged under 18.

Furthermore, the government has mandated that all companies with 50+ employees must pay the wages into bank accounts from 2009; companies with 30-50 employees must do so from 2010, and those with 10-30 employees after 2011.

### *Capital Redemption Insurance*

New life insurance regulations became effective in Turkey on March 1, 2009, enabling life insurers to create pure savings products to complement traditional life products such as death, disability and accident.

This plan is available for both groups and individuals.

The system is a voluntary defined contribution system which allows members of the policy to gain investment income on around 95% of their premiums, without any risk charges, thus increasing their potential investment return.

### *New Labour Law*

Source: Watson Wyatt Global News Briefs

A new labour law that grants companies incentives to hire workers by reducing their costs of employment was approved on August 19, 2009.

The law establishes the following:

- The government will pay social security premiums for newly-hired workers for a period of time equivalent to the time that they received unemployment support. This aims to compensate for the recent transfer of funds from available public unemployment funds to the Southeast Anatolia Project.
- Financial state support to unemployed workers will be extended: Unemployment benefits will be granted to employees who have made contributions for at least 600 days and who worked in their previous positions for at least 120 consecutive days.

### *Currency*

As from January 1, 2010, the term “new” has been removed from “Turkish Lira”. The current name of the currency is “Turkish Lira”

### III SOCIAL SECURITY

#### Background Information

The social security system is mandatory, runs on a pay-as-you-go basis and is funded by contributions from employers, employees and the state. The Ministry of Labour and Social Security provides general supervision in all areas.

The current social security system in Turkey is managed by the Social Security Institute SGK that emerged from the merger of three different major organisations, namely, the Government Employees Retirement Fund, the Social Insurance Institute and Ba -Kur. SGK entitles members to all social insurance benefits: old age, death, disability, work injury and occupational disease, health, maternity.

Türkiye İşsizlik Kurumu (Turkish Employment Agency) is responsible for unemployment benefits and related fund management activities.

#### Eligibility

All wage earners and self-employed are eligible.

#### Contributions

The breakdown of contributions under the current system is as follows:

Benefit Type	Employer	Employee	Total	Self-Employed
Retirement and Disability	11%	9%	20%	20%
Health/Sickness/Maternity	6%	6%	12%	12%
Work injury/disease	1% - 6.5%	-	1% - 6.5%	-
Unemployment	2%	1%	3%	-
<b>Total</b>	<b>20% - 25.5%</b>	<b>16%</b>	<b>36% - 41.5%</b>	<b>32%</b>

The state contributes an additional 1% of relevant earnings to the unemployment insurance fund.

The percentage contributions for work injury vary and are based upon the degree of risk associated with the occupation.

Contributions to social security are based on total earnings up to a ceiling (TRY 4,504.50 per month in 2010). If an employee earns below the minimum wage of TRY 729 per month, the employer has to contribute as if the person is earning the minimum wage.

## Retirement Benefits

### *Retirement Age*

Normal retirement: 60M/58F

Retirement age will be gradually increased starting from 2036 until it reaches the age of 65M/F in 2048.

### *Qualifying Conditions*

A person who first joined the social security system on or after the new legislation came in force, is eligible subject to a minimum retirement age of 60 for males and 58 for females, and paid contributions for a minimum of 9,000 days. Retirement age will be increased gradually up to 65 by 2048.

A person who was first insured on or after September 8, 1999 and before the new legislation came in force, is eligible subject to a minimum retirement age of 60 for males and 58 for females, and paid contributions for a minimum of 7,000 days, or 25 years of insurance coverage and paid contributions of 4,500 days.

If a person was first insured before September 8, 1999, there is no stipulated retirement age. Instead, contribution years apply: 23 years for males and 18 years for females.

### *Benefits*

The calculation of benefits depends on the date a person was first insured:

- Pension benefit for a person first insured on or after the new legislation came in force is calculated using the insured's average annual indexed earnings, on the basis of 2.5% for each 360-day period of contributions until 2015, 2% for each 360-day period after 2015. The maximum benefit should not exceed 90% of the average salary over the contribution period.
- Pension benefit for a person first insured on or after January 1, 2000, is calculated using the insured's average annual indexed earnings, on the basis of 3.5% for each 360-day period of contributions up to 3,600 days, 2% for each 360-day period for the next 5,400 days, and 1.5% for each additional 360-day period. The maximum benefit should not exceed 85% of average salary over the contribution period.
- For a person first insured before January 1, 2000, different regulations apply for the period of insurance. For the period before January 1, 2000: the calculation of benefit is based on the average earnings over the last five years multiplied by a coefficient adjusted twice per year for inflation. This is then multiplied by 60% for those with 5,000 days of contribution plus 1% per year of deferral (for those deferring) or by the number of 360-day periods of contribution over 5,000 days, whichever is the greater, up to a maximum of 85%. For the period after January 1, 2000, the same regulations apply as for the person first insured on or after this date.

Additional benefits are provided by former legislation for years of service over age 55 (men) and 50 (women) and for each 360 days service in excess of 5,000 days, subject to the 85% maximum.

If a person is not eligible for a pension, a lump sum is payable equal to the total of employee and employer contributions.

Pensions are adjusted periodically according to changes in the monthly consumer price index. An exception was made in 2004 when a flat-rate increase of 10% was applied in January and July.

## **Disability Benefits**

### *Qualifying Conditions*

#### Former legislation:

A person is eligible who has lost two-thirds of working capacity and has at least 1,800 days of contributions, or has been insured for at least five years with an average of 180 days of paid contributions for each year of insurance.

#### New legislation:

A person is eligible who has lost 60% of working capacity, has at least 1,800 days of contributions and has been insured for at least 10 years. Persons cared for by a family member are eligible if they have been insured for at least five years and have paid contributions for 900 days.

### *Benefits*

#### Former legislation:

Disability benefit is calculated as 60% of the insured's average indexed earnings during the contribution years before the onset of disability. A lower percentage is payable where the disability is less than two-thirds and if considered less than 25% a lump-sum payment may be requested.

The pension is increased to 70% of average indexed earnings for a person in need of constant attendance. If the disabled person was insured before January 1, 2000, special conditions apply.

#### New legislation:

Disability benefit is calculated by the same method as the calculation of the old age benefit.

## **Death Benefits**

### *Qualifying Conditions*

A survivors' pension is payable provided that the deceased was a pensioner or has qualified for a disability pension or an old age pension. The insured person must have been insured for at least five years and paid contributions for a minimum of 900 days. Eligible survivors include the spouse, orphans, and the deceased's parents.

### *Benefits*

#### Former legislation:

Survivor's benefits for a deceased person who was first insured on or after January 1, 2000 is calculated as 60% of the insured's average monthly wage, plus 2% for each 360-day period of contributions beyond 8,100 days but not more than 9,000 days, plus 1.5% for each 360-day period of contributions beyond 9,000 days.

If the deceased was first insured before January 1, 2000, special conditions apply. The minimum monthly pension for one survivor is TRY 335 and TRY 365 for two survivors. If the deceased was not eligible for a pension, a lump sum equal to total employee and employer contributions is split among the survivors according to prescribed ratios. Pensions are adjusted periodically according to changes in the monthly consumer price index.

#### New legislation:

Death benefit is equal to the deceased's pension or disability benefit. It is distributed among beneficiaries.

### **Sickness Benefits**

#### *Qualifying Conditions*

Non work-related daily indemnity sickness benefit is payable for an unlimited time (but only up to six months after leaving a job) and requires a minimum of 120 days contributions in the preceding year. This benefit is payable after the first day.

#### *Benefits*

The level of benefit is 67% of covered salary, reduced to 50% during in-patient treatment. Under local labour agreements, employers frequently provide additional short-term cash benefits so that employees receive their full salary.

### **Medical/Health Benefits**

#### *Qualifying Conditions*

Under the former legislation there are no qualifying conditions for an insured person or for pensioners to receive medical care. However, in order for dependants of the insured person to benefit from medical care, the insured person must have paid contributions for at least 120 days in the last 12 months. Under the new legislation, by introducing Universal Health Insurance, all Turkish residents qualify for medical/health benefits.

### *Benefits*

Medical care includes general and specialist care, hospitalisation, clinical and laboratory examinations required for diagnosis and treatment, medication, maternity care, appliances and transportation to and from the place of treatment. Benefits are provided for up to 6 months, or up to 18 months if a cure is considered likely after continuing treatment. The claimant must pay 20% of the cost of prescription drugs, except for life-saving treatment. Under the new legislation, the claimant's share varies depending on the claim and forwarding rules.

### **Work Injury Benefits**

#### *Qualifying Conditions*

There is no minimum qualifying period and cover is available to employees working under a service contract in the public or private sector; applicants for apprenticeships, apprentices, students and convicted persons working in prison workshops.

Special systems are in place for civil servants, the self-employed, and some categories of agricultural worker.

Part-time domestic workers are excluded.

### *Benefits*

#### Temporary Disability Benefits

The benefit amounts to 50% of earnings or 66.7% if there are dependants. In the event of hospitalization, the benefits are reduced to 33.3% of earnings or 50% of earnings if there are dependants. The employee is entitled to benefits from the first day of incapacity.

#### Permanent Disability Benefits

In the event of loss of at least 10% of working capacity due to occupational accident or disease a person is entitled to a pension, calculated as for the normal retirement pension but at a rate of 70%. The pension of a permanently disabled person in need of constant attendance is increased by 50%. A rehabilitation programme or retraining is also available.

#### Medical Benefits

Medical treatment, surgery, hospitalization, medication, appliances, and transportation are offered. There is no duration limit on medical benefits for work-related injury.

#### Death Benefits

The maximum survivor's pension is 70% of the deceased person's average earnings. The spouse receives 50% of the survivor's pension or 66.7% if there are no dependent children. Each dependent child receives 25% of the survivor's pension, or 50% if a full orphan. Parents of the deceased person receive a share of the survivor's pension if the total of the other survivor's pensions amounts to less than the maximum.

## Unemployment Benefits

### *Qualifying Conditions*

In order to qualify for unemployment benefits, at least 600 days of contributions must have been paid.

### *Benefits*

The duration of benefit payment is determined according to the number of contribution days.

The benefit is paid for

- 180 days with 600 days of contributions
- 240 days with 900 days of contributions
- 300 days with 1,080 days of contributions

The minimum daily benefit is 50% of average daily earnings based on the last four months' earnings.

The maximum amount that an unemployed person can receive is equal to the minimum wage for the industry in which the insured worked.

## Other Benefits

### *Maternity Benefits*

In order to qualify for maternity benefits, contributions must have been paid for the following periods over the last 12 months:

- For 90 days by the expectant mother; or
- For 120 days by the husband.

Maternity leave must be taken six weeks prior to birth and continued for a further six weeks after birth. Following this period, the mother is entitled to a further six months unpaid leave.

In all cases, the Social Insurance Institute must receive certification of the birth within three months after the birth.

Maternity benefits consist of following particular benefits:

- Incapacity for work: 66% of earnings, payable for up to eight weeks before and eight weeks after the birth.
- Pregnancy benefit: a lump sum of TRY 70 (subject to the certification of pregnancy before the date of childbirth).
- Childbirth benefit: a lump sum of TRY 56 for a birth without complications, TRY 116 for a birth by forceps, or TRY 220 for a birth by caesarean section.
- Nursing grant: a lump sum of TRY 50 for a live birth.

In cases in which medical services for pregnancy and childbirth cannot be provided directly through health facilities contracted by the Social Insurance Institute or a government hospital, a fixed amount of monetary aid is provided according to the schedule in law. The fixed amount is increased for multiple births.

### *Funeral Grant*

A lump sum of TRY 289 is paid to the family on the death of the insured worker.

### **Taxation**

All contributions are fully tax deductible for employers and employees, as are termination indemnity provisions by employers. Contributions to schemes which are in lieu of social security provisions are tax deductible up to the equivalent of the Social Insurance Institute contributions.

All benefits are tax-free and complementary (or substitute) schemes are tax-free up to the social security limits but thereafter are taxed as earned income. Lump sums from direct insurance are tax-free, as are termination indemnity payments.

### **Other Information**

#### *Reciprocal Social Security Agreements*

Albania, Austria, Azerbaijan, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus (North), the Czech Republic, Denmark, France, Georgia, Germany, Italy, Libya, Luxembourg, Macedonia, the Netherlands, Norway, Serbia and Montenegro, Sweden, Malta, Switzerland, Romania, and the United Kingdom.

Source: International Labour Organization

## IV PRIVATE BENEFIT PLANS

### Background Information

The Turkish Individual Pension Savings and Investment System law 4632 was first drafted in 1999 and approved by the national assembly in March 2001. It came into effect on April 7, 2001 with the formal sale of pension products commencing October 27, 2003 and was a major milestone for the Turkish pension system.

There are currently 13 pension companies licensed to operate, 12 of which were life insurers who transformed themselves into life and pension companies with one company solely set up to write pension business. Eleven of the life and pension companies are subsidiaries of banks.

The system is a voluntary defined contribution system and is effectively a mix between the so-called two-pillar and three-pillar systems, as it contains certain characteristics of both.

Under the pension scheme, employer contributions are defined and it is possible to establish exclusive pension funds for companies. However, employer contributions are regulated as voluntary in order not to discourage contributions to the state system.

Expatriates are able to join group company schemes or purchase an individual pension in the same way as local citizens.

Under the pension fund arrangements, additional risk benefits are not covered by the plan, but can be purchased separately from a life insurer.

Life insurers offer also endowment and other types of savings products. There are 11 life insurance companies offering life, health and personal accident benefits.

### Eligibility

Generally all employees older than seventeen are eligible to enter the private pension system or to have an endowment product. The membership is purely voluntary. In order to qualify for benefits an employee must remain in the pension scheme for at least 10 years.

### Contributions

The private pension schemes are on a defined contribution basis. Contributions to a pension fund may either be on an individual or on a corporate basis.

There is no specified limit for contributions. However, contributions are tax deductible up to 10% of the salary, and the total deductions should not exceed the amount of the minimum wage of TRY 664.25 per month.

Most of the pension schemes are funded by employee contributions. Few employers share the contributions to pension schemes with their employees and it is mainly multinational companies who have opted to contribute towards employee's pensions.

A pension contributor can suspend the payments with a penalty that is subject to one fourth of the minimum wage per month depending on the contract. Participants are allowed to switch from one company to another after a period of one year. They are also allowed four free fund switches per year. In endowment products, there is no penalty for paid-up.

In addition, persons with an endowment policy are allowed to transfer the fund into a pension policy at no cost during the first 5 years of the private pension system.

## **Retirement Benefits**

### *Retirement Age*

Generally, retirement benefits are not available to participants prior to age 56. The contributions to the scheme may continue as long as required after attainment of age 56.

A person may opt to exit from the scheme prior to attaining the minimum retirement age. Any accumulated savings are paid under the terms of the pension contract. In this case, tax advantages will be lost.

### *Benefits*

The pension benefit may be taken as a total lump sum upon retirement. This lump sum may be used to purchase an annuity in order to receive regular monthly payments. The incomes from these kinds of policies are totally tax-free.

### *Vesting*

Contributions are vested.

### *Disability Benefits*

There are no policies available offering long-term disability income benefits. There are policies and life riders for prolonged disability providing a top-up to the state benefits, but these are single sum (not monthly or annual) payments.

## **Death Benefits**

- Group life is offered to employees by many companies and is the largest of the employee benefits offered in the market. Group life plans are in most cases non-contributory for employees. Sums insured are usually equal to one or two times annual salary or based on the amounts specified by the employer. Premiums are calculated using tabular averaged group life rates and it is very rare for a scheme to be experience rated - even on larger groups.
- There is no widow's/widower's pension. However, under group life coverage options are available to purchase annuities.

### **Medical/Health Benefits**

Larger employers provide medical plans as an employee benefit and contribute part or the entire premium. The minimum number of persons usually necessary to qualify as a group is ten.

Company schemes generally include all employees. If a scheme is set up to pay benefits as a multiple of salary, coverage will depend upon seniority. Otherwise cover is the same for all employees.

It is usual to provide unlimited cover for tests, x-rays and so on and most policies include the following:

- In-patient services
- Out-patient services
- Physician visits
- Prescription drugs
- Diagnostic services
- Physiotherapy

Additional benefits such as maternity and dentistry are usually an optional extra. Family cover is a possibility but would normally have to be purchased by an employee on an additional basis.

### **Other Benefits**

#### *Capital Redemption Insurance*

New life insurance regulations became effective in Turkey on March 1, 2009, enabling life insurers to create pure savings products to complement traditional life products such as death, disability and accident.

This plan is available to both groups and individuals.

The system is a voluntary defined contribution system which allows members of the policy to gain investment income on around 95% of their premiums, without any risk charges, thus increasing their potential investment return.

#### Retirement Age

There is no stipulated retirement age for Capital Redemption Insurance; naturally, greater returns will be achieved by investing for longer periods.

Capital Procurement Insurance Plans combine the benefits of pension plans and life insurance saving plans.

#### Eligibility

Eligibility age is 18 years and a minimum of five years of regular investment is required.

## Taxation

### *Employee Contributions*

Contributions are fully deductible subject to the limitations imposed by *law 4697* which came into effect in October 2001. The limitations are the same as for the amount of contributions to the pension plan: contributions are tax deductible up to 10% of the salary, but the total deduction should not exceed the amount of the minimum wage of TRY 664.25 per month, which is equal to an annual amount of approximately EUR 3,800.

### *Employer Contributions*

Contributions are fully deductible subject to the same limitations as the employee contributions. The combined employee and employer contributions are only tax deductible up to the level of the minimum wage.

### *Benefits*

Monthly payments from an annuity product are fully exempt from tax.

Lump sum payments from a pension fund by way of retirement, death or disability are exempt from income tax up to 25% of the amount payable. The balance of 75% is subject to a withholding tax of 5%. 10% of the payments from an endowment or savings product are exempt from income tax. The balance of 90% is subject to a withholding tax of 10%.

Employer and employee contributions to medical insurance programmes are tax deductible up to 10% of salary, subject to an annual limit of approximately EUR 3,800.

Other insurance premiums paid by employer are fully tax deductible as a corporate business expense, and are not treated as employee income.

Premiums paid by employees are only deductible up to the level of the minimum wage.

### *Double Taxation Agreements*

Albania, Algeria, Austria, Azerbaijan, Bahrain, Bangladesh, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, China, Croatia, Cyprus (North), the Czech Republic, Denmark, Egypt, Estonia, Ethiopia, Finland, France, Germany, Greece, Hungary, India, Indonesia, Iran, Ireland, Israel, Italy, Japan, Jordan, Kazakhstan, Kyrgyzstan, Korea (Republic), Kuwait, Latvia, Lebanon, Lithuania, Luxemburg, Macedonia, Malaysia, Moldova, Mongolia, Morocco, the Netherlands, Norway, Pakistan, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sudan, Sweden, Syria, Tajikistan, Thailand, Tunisia, Turkmenistan, the Ukraine, the United Arab Emirates, the United Kingdom, the United States of America, Uzbekistan and Yemen.

Source: United Nations Conference on Trade and Development (UNCTAD)

## V FUTURE OUTLOOK

### Trends in the Insurance Industry

Turkey has a population of more than 70 million citizens, with an average age of 29. The potential for life insurance, savings and pension products is significant, particularly since penetration is currently comparatively low (approx. USD 120 in 2008).

Since the introduction of pension products in 2003 there are now just USD 5 billion of accumulated assets in pension funds in Turkey (February 2009).

In 2008, just 10% of overall insurance premiums were written in the life sector, and only 2% of the population had any private health insurance (February 2009).

However, life insurance is likely to be developed, following the enactment of new life insurance regulations on March 1, 2009, which allowed annuities and other saving products to be launched in the market without any risk riders.

#### *Health Transformation and Social Security Reform Project Aided by the World Bank / IBRD*

The second phase of the Health Transformation and Social Security Reform will run from 2010 to 2014. The key goals focus on further improvements in health care; they aim to increase the efficiency of the Social Security Institution and of the Ministry of Health, and to support necessary reforms regarding hospitals, public health and family medicine.

The first phase, which was launched in 2003 and which was also aided by the International Bank for Reconstruction and Development (IBRD), has helped to significantly raise the number of persons holding a government health insurance card and to ease the financial burden of health care for the lower income segment.