

The Social Protection System in Republic of Macedonia

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Abstract— Since the independence of the Republic of Macedonia to the present, social security system had an important function in mitigating the social troubles in the country caused primarily by the enormous unemployment. With time and change of socio-economic conditions the system of social protection was changed. The purpose of this article is to show the transformation of the social protection system and to observe it in a critical way.

Index Terms— Social Protection System, Republic of Macedonia.

1 INTRODUCTION

Republic of Macedonia, which gained independence in 1991 was the least developed Yugoslav Republic with 20% unemployment in the moment of independence (Donevska, Gjorgjev, Gerovska-Mitev and Kalovska 2007: 15). During socio-economic transition painful reforms were adopted that additionally decreased the standard of living of citizens and increased the unemployment. In such conditions, it needed a functioning system of social protection that would guarantee the subsistence minimum in the lowest social strata. Function of such a system was to ensure easy and quick access to vulnerable groups in a way that will reduce poverty and strengthen social cohesion. At the time of transition and rising unemployment, goal of the system of social protection through social transfers was to prevent a significant part of the population to fall into absolute poverty (Maurano 2015: 11).

2 THE LEGAL STRUCTURE OF SOCIAL PROTECTION

The Constitution of the Republic Macedonia stipulates that the Republic provides social protection and social security of citizens in accordance with the principle of social justice. Also Republic of Macedonia guarantees the right of assistance to the disabled and unable to work, and provides special protection for disabled persons and their inclusion in social life (Pejkovski and Majovski 2007: 113). The social protection system in the Republic Macedonia is set on two key laws: the Law on Social Protection and Law on contributions for mandatory social insurance. The Law on Contributions for mandatory social insurance regulates the obligations to pay contributions to social security of citizens. Based on this law in the social protection system in the country has developed two components:

- Services and benefits of tax and financial system of social protection (social prevention) which includes educational-counseling work, developing of forms of self-help, volunteer work, institutional care, non-institutional care and welfare
- Social insurance system based on contributions (pension and disability insurance, health insurance and insurance for unemployment (Donevska, Gjorgjev, Gerovska-Mitev and Kalovska 2007: 17).

An important part of the system of social protection and its organization is regulated by the Law on Social Protection which was adopted on 03.10.1997 and entered into force on 11.10.1997 (Official Gazette 50/1997). This law suffered nine changes before on 24.06.2009 to be adopted a new Law on social protection (Official Gazette 79/2009). Under this law, social protection is a system of measures, activities and policies for preventing and overcoming basic social risks to which citizens are exposed in their lives, for reducing poverty and social exclusion, and for strengthening capacity of vulnerable citizens for its own protection. Article 2 of the Law on social protection as basic social risks recognizes:

- Health risks (illness, injury, disability),
- Old age and aging,
- Single parent family,
- Risks of unemployment, loss of income for subsistence based on work,
- Risks of poverty,
- Risks of another form of social exclusion (Official Gazette 79/2009)

Compulsory insurance of citizens of the Republic of Macedonia from social risks, is regulated by the Law on contributions for mandatory social insurance adopted in 2008 (Official Gazette 142/2008) and later it has been amended several times. The latest amendments to the Law occurred on 11.12.2015 (Official Gazette 217/2015). Mandatory social protection contributions include:

- Pension and Disability Insurance. The money from compulsory pension and disability insurance are income of the Fund of Pension and Disability Insurance.
- Mandatory fully funded pension insurance. The money from this insurance are income of private pension funds but they are personal property of insurers.
- Health Insurance. The money from health insurance is income of Health Insurance Fund of Macedonia,
- Ensuring from unemployment. The money collected on this basis is collected by Employment Agency of the Republic of Macedonia (Official Gazette 217/2015).

Institution responsible for the organization of social protection is the Ministry of Labour and Social Policy. Institutions responsible for social protection are Centers for social work.

Rights and services of the social protection system are realized through the Fund for Pension and Disability Insurance, Private Pension Funds, Health Insurance Fund and the Employment Agency (Donevska, Gjorgjev, Gerovska-Mitev and Kalovska 2007: 18).

Important institution for implementation of social protection is the Institute of Social Affairs established 1961. His activities are defined by the law on social protection. The most important task of the Institute of Social Affairs is control and evaluation of social protection policies, analytical research on social problems and design of system development for social protection (Donevska, Gjorgjev, Gerovska-Mitev and Kalovska 2007: 62).

3 EVOLUTIONALRY DEVELOPMENT OF THE SOCIAL PROTECTION SYSTEM IN REPUBLIC OF MACEDONIA

In the period after independence of Republic of Macedonia, the social protection system noted three developmental stages. The first phase covers the period 1992-96, the second phase covers the period 1997 - 2003 and the third phase covers the period from 2004 till today (Spasovska, Bornarova and Bogoevska 2010: 9).

The first phase is characterized by establishing a new system of social protection according to the new constitutional order of the Republic of Macedonia. As a result of rising unemployment and poverty, in this phase of development of the system of social protection an intensification of policies for combat of poverty was needed. In 1992 the social protection level was determined for all citizens as a minimum social security for a household and the right to compensation to protective social level as special form of social assistance.

The second phase of development of the social protection system which covers the period 1997-2003 is characterized by passing the Law on social protection in 1997. This system, set up a new system of measures and social welfare services which include: social prevention, institutional care, non-institutional care and welfare rights.

The third phase began in 2004 and it's characterized by reforms to the welfare system which became more restrictive to citizens based on the system of activation. So in 2004, the decentralization of the social protection system started. With changes in the Law on Social Protection from 2005 an obligation was introduced that every citizen should take care to meet their subsistence needs and the needs of those who are obliged to support. Compensation was introduced for the users who unreasonably receive funds on the basis of social protection. Also inspection over social protection institutions, natural and legal persons providing social care services was introduced. In 2007 the right to social assistance for working and socially unprotected citizens was regulated. In 2009, the new Law on social protection that has redefined the system and organization of social protection was adopted.

4 DIRECTIONS OF DEVELOPMENT OF SOCIAL PROTECTION IN REPUBLIC OF MACEDONIA

Social protection system in the Republic of Macedonia is rooted in the system of social protection in the former Yugos-

lavia, and after independence it is constantly modified in an attempt to meet the new needs at a given moment. General trend after independence is to establish a more liberal system of social protection. As Gerovska-Mitev (2007: 100) noted the welfare state system in the Republic of Macedonia from the 1990s onwards, follows the trend of activation. The trend of activation has two models. One is European, which is applied primarily in scandinavian countries, and more focused on education, training and targeting of social services towards certain social groups, and the second is the neoliberal, focused on limiting the social benefits, connecting the social benefits with employment, reducing the level of social benefits as a condition for active job search. Social protection system in Republic of Macedonia follows the neo-liberal model of activation.

According to the State Statistical Office, social transfers as a percentage of GDP since 1995 to 2004 rose from 13.6% to 15.3%, and in 2005 were reduced to 12.2%. The amount of social transfers as a percentage of central budget rose from 52.7% in 1995, to 60.3% in 2003 and in 2005 fell to 58.8%. The health services represent 1,8% of the central budget of the Republic of Macedonia, the pensions represent 45,2% of the central budget of Republic of Macedonia, transfers for Employment Agency are 11.3% from the central budget of Republic of Macedonia, and the protection of children represents 0,4% of the central budget of Republic of Macedonia (Donevska, Gjorgjev, Gerovska-Mitev and Kalovska 2007 17).

Average monthly amounts of social welfare benefits in 2006. were: 49.79 euro for financial assistance, 35.21 euro for social assistance, 55.72 euro - allowance for assistance and care, 107 euro financial compensation of salary for reduced working hours for care of a disabled child, 58.31 euro salary compensation for reduced working hours for care of a disabled child, 58.35 euro financial assistance to a person under 18 that has the status of a child without parental care (Donevska, Gjorgjev, Gerovska-Mitev and Kalovska 2007: 17).

Children's dietary in Republic of Macedonia is generally low. In 2006, child benefits for children under 15 years amounted to 11.3 euros, while for children 15-18 amounted to 19.9 euros. Special allowance for families caring for disabled children was 59,38 euro, assistance for equipment for a newborn was between 16.35 euro and 57.22 euro, and is given only for first born child (Donevska, Gjorgjev, Gerovska-Mitev and Kalovska 2007: 18).

In 2006, the average monthly number of recipients of social assistance in all subcategories amounted to 92.506 users, while the average monthly number of beneficiaries of child allowance was 22 362 families and 36,649 children (Donevska, Gjorgjev, Gerovska-Mitev and Kalovska 2007: 18).

5 THE RIGHT TO FINANCIAL ASSISTANCE AS PART OF THE SOCIAL PROTECTION SYSTEM

Citizens of the Republic Macedonia are eligible for institutional and non-institutional social protection. Among the rights of institutional social protection are included rights to financial assistance. In Article 44, in Law on Social Protection provides the following rights to financial assistance:

- Social financial assistance,

- Permanent assistance (right to permanent financial assistance for disabled person, materially insecure and who can't provide the means for its existence on the basis of other regulations),

- Financial assistance of a child that under 18 had the status of a child without parental care, and has no income and assets which can be served up to 26 years of age,

- Financial assistance of a mother who gave birth to a fourth child, caring for children until they reached 18 years of age, who is unemployed and is not entitled to a pension until reaching 62 years,

- Cash compensation for assistance and care of another person may get a person who has 26 years of age with moderate, severe and profound mental disabilities, persons with severe impediments, totally blind person and a person with permanent changes in health status, which is in need of help and care from another person because can't meet basic needs,

- One-time financial assistance and assistance in kind shall be granted to a person or family who find themselves in situations of social risk, as well as individual and family due to a natural disaster or epidemic and longer treatment in a health institution,

- Salary compensation for shortened working hours due to care for a child with physical or mental disabilities,

- Financial assistance for social housing to persons who are socially vulnerable and homeless,

- The right to health care (Official Gazette 79/2009)

Thus the right to social financial assistance has a person capable of working and household materially insecure and who, under the regulations cannot provide funds for existence. The basic financial assistance amounts to 35 euro. For each additional member of the household, assistance increases by a factor of 0.37 to a maximum of five members. In the first three years recipients receive the full amount of social assistance. After that period, payments are reduced by 50%. Users of social financial assistance can be engaged in public works five days a month, as well as seasonal work and other temporary works organized by Major of the local government, public-scale enterprises or public institutions (Official Journal 79 / 2009). In 2003 the right to social financial assistance was used by 61,813 people, while in 2005 was used by 67,113 citizens, and in 2007 by 63,872 citizens of Republic of Macedonia.

According to Gerovska - Mitev (2007: 101) social financial assistance is an example of the rigid application of the principle of activation in social policy. If the beneficiaries of social assistance refuse to be engaged five days a month for public works, their households lose their right to social welfare benefits in the next 24 months. Rigidity which sought to increase activities of beneficiaries of social financial assistance in the labor market can be seen in quantity of inspections by the centers for social work in the homes of beneficiaries of social assistance, frequent and timely reporting of the beneficiary to the employment agency and the increased number of criteria on which the acquisition of the right to receive social financial assistance, for example, car owner is not entitled to social financial assistance.

6 INSURANCE AGAINST UNEMPLOYMENT

Based on an analyze of the situation in the Republic of Macedonia in terms of conditions, the amount and duration of cash benefit received as part of the insurance in case of unem-

ployment and the situation with the social welfare which can be used by working-age unemployment, Gerovska - Mitev (2007: 100) notes that in R. Macedonia applied neo-liberal model of activation. The right to social assistance in the case of unemployment is subject to continuous decrease from 1997 onwards. Before 1997 there was no maximum cash benefit in case of unemployment, while the minimum was 50 euro (at that time 100 German marks). The length of the cash benefit for people with 20-25 years of service was set at 18 months, continuously decreasing and today amount to a maximum of 12 months. Till 2004 the remuneration was calculated as the average amount of income during the past 12 months of insurance, since 2004 is calculated as the average amount of income for the past 24 months of insurance. The number of users of allowance from 2001 until 2006 was in permanent decline, although at the same time there was rising unemployment. Thus, in 2001, cash benefit in case of unemployment was used by 41,375 persons; in 2006 the number of users was reduced to 30,572, which is 8.3% of total number of unemployed persons in a given year.

Among the active measures that were implemented for users of financial compensation in the event of unemployment were training, retraining and requalification. These measures, as opposed to passive, were not rigid, but according Gerovska - Mitev (2007: 101) could be re-examined, because most vulnerable social groups, the unemployed without education and qualifications are not able to use it.

7 PLURALISM OF THE SOCIAL PROTECTION SYSTEM

Social Protection Law provides that besides state institutions, services in the field of social protection to be given by civil society organizations and individuals (Official Gazette 79/2009). Religious communities, religious groups and their associations registered in the country also have the opportunity to assist people who need certain types of social protection.

The emergence of civil and private sector in the provision of social protection in the Republic of Macedonia beginning in the 1990s, but the scope and activities of the civil and private sectors in the provision of social protection in the Republic of Macedonia is different than in Western Europe, and it is due to the lack of previous experience. A civil society, and private sector till 1990 was not formally institutionalized and it could only be recognized in the informal family and neighborhood assistance and social activities of religious organizations. Non-existing previous experience with these actors in the delivery of services contributes to a feeling of mistrust among recipients of social protection toward these for Macedonian conditions, new providers of services in the field of social protection (Gerovska - Mitev 2007: 102).

The trend of pluralisation of the system of social protection was followed by the weakening trend of the welfare state which in Europe was intensified in the 1980s, and in Central and Eastern Europe has been particularly intense in the mid-1990s. Because of the reduced economic resources of the public sector which had hitherto been a major provider of social services began to provide an opportunity for legislative input of civil society and private actors in providing of services in the field of social protection. Institutionalization of the provi-

sion of social protection by civil society and private sector in the Republic Macedonia was first institutionalized with the amendments to the Law on social protection in 2004. But it was much more fully enabled with the Law for social protection that was adopted in 2009.

8 WEAKNESSES AND CHALLENGES OF THE SOCIAL SECURITY SYSTEM

Analysis on social protection shows some weaknesses that should be treated in future. The weaknesses of the social protection system could be summarized as:

- Neglecting of primary research that would supply data on actual needs of citizens and would present the basis for creating social policy,

- A weak system of data management, for which there is no clear and detailed picture of the situation in the field of social protection that prevents a clear analysis and long-term monitoring of the situation of social protection,

- Placing priority rights to financial assistance and neglect of social services,

- Insufficient development of social prevention, which is the level of declarative commitments without specific shapes and forms of its realization,

- Insufficient and inadequate linkage of the social protection system with the educational and health system,

- Insufficient data are collected and analyzed for the beneficiaries of the social security system and as a result it is difficult to assess accurately the impact of social protection of the users of the same,

- Lack of transparency and supervision of the social protection system. With greater openness and accessibility to the social security system the confidence of users to the system could increase (Spasovska, Bornarova and Bogoevska 2010: 13-16; Maurano 2015: 12)

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