

# INTRODUCTION TO THE SOCIAL PROTECTION SYSTEM IN ALBANIA

## CONCEPTS AND THE LEGAL BASIS

### **Social protection system in Albania, concepts and the legal basis**

*The Constitution of the Republic of Albania* defines the economic and social rights of citizens. Specifically in article 49 §2 it is determined that employees have the right to social security and the right to labour. In article 52 it is stipulated that "everyone has the right to social insurance in case of retirement or when he/she is unable to work, under a system established by law". Anyone left without work for reasons independent of his/her will and when he/she has no other subsistence of living, has the right to assistance in the conditions provided by law. Citizens also enjoy the right to health insurance and health care by the state.

*The social security system in Albania* includes social insurance, health insurance, economic assistance and social services.

**Compulsory social insurance** is defined by the following characteristics: it is mandatory contribution based and works on the basis of the "pay as you go" principle. It supports the w income of the employed persons, employers and the self-employed in case of temporary work incapacity, maternity, old age, invalidity, survivorship, employment injuries, occupational diseases and unemployment. Except for the compulsory schemes, it relates as well to *voluntary insurances targeting* persons who are not insured or have been uninsured in the past and are willing to pay the extra contributions in order to constitute a higher pension amount.

Supplementary schemes are in place for higher constitutional functions, persons in civil and military service, police force and persons working for the intelligence services. The scheme is financed from the state budget.

Special pensions have been developed for those persons who have participated in the war, who have titles in the field of culture, arts, economics and politics as well as for those who have been discriminated during the communist regime. The special pensions are financed by the state budget.

**Health insurance** is a compulsory insurance scheme that covers all citizens of the Republic of Albania with permanent residence in Albania and employed foreigners who are insured in Albania. The participation in the scheme is based on the payment of contributions by economically active persons. The state pays contributions for the economically inactive persons, including: children, students, pensioners, the disabled, the unemployed, persons who are treated with economic and social assistance; mothers with maternity leave, citizens who perform the compulsory military service.

**The economic assistance and social services** are provided to families in need, for individuals and groups in need, who cannot provide for themselves their basic vital needs. Assistance programs, disability benefit and social services are covered by the state budget and local government budgets. The benefit criteria for the economic assistance are defined

in legal acts and bylaws of the local community which have to be approved by decision of the local government council.

Disability is determined by the MCDCW (Medical Commission of Determination of Work Capacity). Relevant written decisions issued by this Commission shall include the cause of disability, date of occurrence and degree of the lost ability to work.

The State Social Service (SSS) is the institution under the supervision of the Ministry of Labour, Social Affairs and Equal Opportunities. It is responsible for implementing policies, legislation and programs in the field of economic assistance and social services.

**Administrative organization** The social security system is institutionally organized and implemented at the national and local level by the competent institutions. In accordance with each of the laws, the representatives of workers and employers are actively involved in the Management Boards of particular institutions, such as the Social Insurance Institute (under the dependency of the Ministry of Finance), the Health Insurance Institute (under the dependency of the Ministry of Health), the National Employment Institute (for unemployment benefits under the dependency of the Ministry of Labour, Social Affairs and Equal Opportunities).

**Judicial review** Complaint procedures are defined in the law for the economic assistance and the social services system; it determines that the applicant whose benefit is denied, is entitled to appeal in court.

If the claimant of a disability pension does not agree with the decision of the first level Medical Commission of Determination of Work Capacity (MCDCW), he/she may appeal to the superior MCDCW in the Central Social Insurance Office, whose decision on determination of the ability to work is final. The rules on organization and functioning of the superior MCDCW are determined under a decision of Council of Ministers.

Appeals against decisions on benefits shall be submitted to the Appeal Committee of the regional social insurance office. Appeals against decisions of the Appeal Committee of the regional social insurance office shall be submitted to the Appeal Committee of the SII Central Office. Appeals not favorably resolved shall be submitted to courts for final solution.

In case of refusal of the application for unemployment benefit, the applicant has the right to appeal in court.