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**MUTUAL INFORMATION SYSTEM ON SOCIAL PROTECTION
OF THE COUNCIL OF EUROPE
(MISSCEO)**

**OVERVIEW OF RECENT TRENDS AND DEVELOPMENTS
IN SOCIAL PROTECTION IN MISSCEO COUNTRIES**

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1. INTRODUCTION

This paper gives an overview of the recent developments in social protection in the Council of Europe member states which made contributions to the Mutual Information System on Social Protection of the Council of Europe (MISSCEO) network. The paper is based on information provided by the national correspondents who have reported changes in social protection legislation and policies over the year 2020: Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Moldova, Montenegro, North Macedonia, Serbia, Turkey. Respective information from Albania, the Russian Federation and Ukraine was not yet available. The overview relates to the changes in legislation and is without prejudice to the situation in practice. Any opinions expressed in this paper, as well as the selection of highlighted reforms, are those of the author and not of the member states nor of the Council of Europe. Similarly, for any mistakes, misinterpretations or omissions the author takes sole responsibility.

The year 2020 was highly influenced by the COVID-19 pandemic, which also affected the social protection systems in the MISSCEO countries in several ways. Firstly, the pandemic significantly increased pressure on health care systems. However, there were also other consequences affecting social protection, in particular the unemployment benefit and social assistance schemes. There were also cases when some of the earlier planned reforms were placed on halt against the need to respond to the crisis.

After the introduction, the paper includes two chapters, the first addressing the measures adopted in response to the COVID-19 pandemic and the second covering the other changes to social protection systems.

2. MEASURES TO ADDRESS THE COVID-19 PANDEMIC

In 2020 several countries adopted extraordinary measures to mitigate the economic and social consequences of the crisis caused by the pandemic.

Financing: contributions

In **Turkey**, the deadlines for payment of social security contributions, which were due in April, May and June 2020, were extended by six months until November-December 2020. These extensions were provided without interest or penalties.

Health care

In **Turkey**, as a response to the COVID-19 pandemic, coronavirus treatment and medicine for patients in public hospitals has been made free of charge. According to a presidential decree, all patients are granted protective gear and testing, as well as free medicine in state hospitals and medical centres, even if they failed to pay state insurance. The duration of patient's health reports given by a medical doctor was extended from 10 days to 14 days. For chronic patients, the validity period of health reports was extended and reports retained valid to prevent those patients from going to hospitals to receive new reports during this risky period. For chronic patients the process of provision of medical prescriptions was also eased and additional cost of medicaments are born by the Social Security Institution.

Unemployment

North Macedonia enabled entitlement to unemployment benefit for a period of two months to unemployed workers whose employment was terminated in the period from 11 March to 30 April 2020. The unemployment benefit could be claimed regardless of the duration of the last employment contract, which extended entitlement to individuals who did not meet the usual eligibility criteria. The unemployment benefit for people, who lost their jobs due to COVID-19, amounts to 50 per cent of employee's average salary, up to 80 per cent of the average salary in the country.

In **Azerbaijan**, to prevent unemployment, the employment and wages of public and private sector workers were protected. The Ministry of Economy financed partial payment of salaries to 300,000 employees and provided support to about 300,000 individual entrepreneurs.

Minimum guaranteed resources: social assistance

In **Azerbaijan**, lump-sum payments (in the amount of subsistence minimum of 190 Azerbaijani manat) were made to 600,000 low-income persons, including unemployed who

lost their job due to special quarantine measures. Extension and simplification of granting of the Targeted State Social Assistance increased the number of eligible families. Low-income families were also provided food assistance.

In **Bosnia and Herzegovina**, in Brčko District financial assistance is provided to persons and members of their household in a state of social need with the purpose of granting the means necessary to alleviate the difficulties caused by special circumstances.

In **Moldova**, in October 2020, a one-off financial support in amount of 900 Moldovan lei was granted to the beneficiaries of all types of pensions with monthly amount up to 3000 lei, as well as to the beneficiaries of social allowances.

North Macedonia temporarily relaxed the means-test criteria for claiming Guaranteed Minimum Assistance (GMA) and extended the scope of eligible applicants allowing access to individuals who were directly affected by the lockdown measures. Persons whose employment was terminated during the pandemic could more easily access the benefit in the period from April to December 2020. The status of 'materially deprived household' can be conferred already one month after combined household income did not exceed the guaranteed minimum income level—the pre-lockdown requirement was three months. Previously, eligibility criteria excluded any type of property. Currently, the guaranteed minimum assistance applicants may still be eligible even if they own an apartment (which the household uses as primary residence), a car more than five years old and a plot of land for construction not exceeding 500 square metres. As an additional support for vulnerable households, the energy subsidy was paid during the summer months until September 2020, while normally it was paid during the winter months.

In **Serbia**, all pension beneficiaries received one-time sum of RSD 4,000 along with payment of pension for March 2020 as a measure of mitigating the effects of the state of emergency.

3. OTHER CHANGES TO SOCIAL PROTECTION SYSTEMS

Apart and beyond the COVID-19 response measures, there were several other changes in social security schemes in MISSCEO countries, relating to the various parametric details of the schemes.

Financing

In **North Macedonia**, the rate of pension and disability contributions for employers and self-employed persons was increased from 18.4% to 18.8% of the contribution base, which is divided between the 1st and 2nd pension pillars, so that 12.8% is directed to the 1st pillar and 6% is transferred to an individual account in the chosen 2nd pillar pension fund. The 0.4% increase raised the contribution rate for the 1st pillar. The contribution rate payable by employers for health care, sickness and maternity, was increased from 7.4% to 7.5% of the contribution base.

In **Montenegro**, the contribution rate of employers for health care, sickness and maternity branches declined from 4.3% to 2.3% of gross wage.

Pensions

Benefit determination and calculation.

In **Moldova**, from 2019 the amount of the minimum old-age pension is set by the Government, whereas earlier it was equivalent to the statutory guaranteed monthly minimum income, established by the law. From January 2020 the method of calculation of survivors' pensions for children was modified. The amount of the survivor's pension for children up to the age of 18 years (or until completion of full-time studies in secondary, specialized and higher educational institutions, up to the age of 23 years), is now calculated in the amount of 75% (increasing from 50% to 75%) from the pension of deceased breadwinner for each survivor, but not less than the amount of social allowance.

In **North Macedonia**, the applicable accrual rate for calculation of the 1st pillar old-age pension for years of pension service completed after 1 January 2020 was established at 1.47%, which is a decline compared to 2019 when the applicable accrual rate was 1.54%.

In **Serbia**, mixed-sex cohabitants were equalized with widows/widowers for entitlement to survivors' pensions provided that the marriage/cohabitation lasted at least 3 years.

Pension age

Several countries are undertaking a gradual increase of the pension age according to an earlier determined scale, which also continued in 2020: **Azerbaijan, Bosnia and Herzegovina** (for exceptional early old-age pension), **Moldova, Montenegro, Serbia**.

Indexation rules of pensions

Moldova modified the mechanism of indexation of pensions, which is now conducted twice a year, on 1 April and 1 October.

North Macedonia, which previously indexed pensions on the basis of the growth of the Consumer Price Index, introduced new rules of indexation. If the gross domestic product in the country rose by more than 4% in the previous year, pensions are adjusted from 1 April by the difference between the real growth rate of the gross domestic growth in the previous year and the rate of 4%. If the minimum salary increased by more than 15% in the current year and the average salary increased more than 5%, pensions may be additionally adjusted by a percentage which is not higher than the growth of the average salary in the current year.

In **Serbia**, pensions are now adjusted annually in January with a mixed index, calculated as half of the Consumer Price Index growth and half of the average net wage growth. Previously pensions were indexed every six months (April and October) on the basis the Consumer Price Index and the real growth of GDP.

Supplementary increases of pensions

In **Moldova**, in January 2020 an additional one-off payment 700 Moldovan lei was made to pension beneficiaries with pensions up to 2000 lei.

In **Serbia**, an additional sum was paid to all pension beneficiaries whose pensions amounted up to 35,840 Serbian dinar.

Many countries applied either regular indexation or *ad hoc* upgrading of benefit rates, generally in the range of 5–10%.

In **Armenia**, the minimum old-age, invalidity and survivors' pensions were increased by nearly 60%, from 16,000 to 25,500 Armenian drams.

Payment of pensions

In **Serbia**, from March 2020 pensions are paid once in a month, whereas previously the largest share of pensioners received their pensions two times a month.

In **Turkey**, the rules governing accumulation of pensions with earnings from work were modified for civil servants. In case of civil servants first insured before 01.10.2008, the pension ceases to be paid when a pensioner starts to work again in any public organization, until working ends. If working elsewhere, the payment of pension is not suspended. However, a special 30% social security support contribution is deducted from salary when working. In case of civil servants first insured after 01.10.2008, the pension is suspended when a pensioner starts to work.

Health care

In **Armenia**, a new Government Resolution was adopted 30 May 2019 concerning the lists of diseases of social or special groups of the population in case of which medicines are provided to beneficiaries with full or partial reimbursement. Also the personal coverage of health care benefits was extended. The health care of all children under the age of 18 is now covered by the state for both polyclinic and hospital care. Also, the coverage of state-financed dental care was extended and co-payments for dental care introduced for several groups. Dental care is provided free of charge to the following groups: children under 7 years of age (full package), persons with the 1st group of invalidity, vulnerable groups of population (with vulnerability score over 30,000 points according to the family poverty benefit system); and persons in pre-conscription and conscription age. For children under 12 years dental examination is free. For several other groups of population (including persons over 65 years of age; persons with the 2nd and 3rd group of invalidity; women in the period of pregnancy and maternity leave; convicts; persons living in orphanages, elderly homes and shelter for the homeless; victims of exploitation due to human trafficking; former rescue workers; asylum seekers and their family members), the state pays 65% of the cost of dental care, while the beneficiary's share is 35% of the total price. Non-listed categories pay the full costs of treatment. Family members with the vulnerability score over 30,000 points according to the family poverty benefit system were included among the social groups receiving medicines free of charge.

In **Azerbaijan**, according to the Presidential decrees from December 2019, the mandatory health insurance was to be extended to the entire country in stages starting from January 2020. Each stage was to include about 20 regions, ensuring the access of citizens of these regions to health care services under a new financial model. However, the COVID-19 pandemic prevented the implementation of the consequent stages of this reform and only 20 regions (stage I) in the northern part of the country are funded under the new financial model, whereas in the rest of the country (including the capital city of Baku) the hospitals and other health care facilities are financed through the healthcare state budget. Under the new system, the health insurance shall cover all individuals within the family. Children under 18 years of age, students and pregnant women are covered by the mandatory health insurance free of charge with no co-payments, while other citizens shall pay annual or monthly payments/or deductions paid by employer, to be covered with the mandatory health insurance. All citizens are entitled to emergency healthcare free of charge. The new arrangement of medical treatment is based on family doctors. Whereas previously patients could go directly to the specialist, now patients need to approach first the family doctor or the polyclinic doctor for a referral to specialists or hospital care, if deemed necessary.

In **Bosnia and Herzegovina**, in Republika Srpska the list of categories of persons covered with health care was extended to include several previously uncovered categories.

In **Montenegro**, the age limit of older persons for exemption from the personal co-payment for health care was raised from 65 to 67 years. The voluntary extra insurance under a contract between a person and the Health Insurance Fund was abolished by amending the Law on Mandatory Health Insurance in 2019.

In **Serbia**, a qualification period of at least 3 months of continuous insurance period or 6 months with interruptions over the last 18 months was introduced in cases of incapacity unrelated to work, while no minimum insurance period required in cases of employment injury, occupational disease or need for urgent help. Veterans whose status has been determined under the Law on Protection of the Veterans were included among the groups for whom the contributions are paid by the state.

Sickness cash benefits

In **Moldova**, the sickness cash benefit (indemnity for temporary incapacity for work) may now be granted for a maximum of 180 days in a calendar year, while previously after 120 days extension of the medical leave had to be approved by the National Council for Determination of Disability and Capacity of Work.

In **Montenegro**, the maximum duration of the initial temporary incapacity to work determined by a selected doctor was increased from 15 to 30 days. Thereafter the incapacity to work is determined by a medical commission of the Health Insurance Fund. The reference period for the calculation basis of sickness cash benefits (which are average earnings of the employed person) was extended from 3 to 12 months prior to the month when the temporary incapability for work occurred.

In **Serbia**, the reference period for the calculation basis of sickness cash benefits (the average salary of the employed person) was extended from 3 to 12 months prior to the occurrence of temporary incapacity.

Maternity benefits

In **Moldova**, the calculation base of maternity allowance and monthly child-rearing allowance was modified. If the insured persons did not receive insured income during the preceding 12 calendar months due to maternity leave or child care leave for raising children up to the age of 3, the amount of maternity allowance and monthly allowance for child-raising are calculated on the same basis as these allowances were calculated for the previous child. For insured women who do not fall under other conditions regarding the contribution period, the maternity allowance is calculated on the basis of 35% of the forecasted average monthly salary, established by the Government, for the calendar year when the insured risk occurred.

In **Montenegro**, a child's mother may not interrupt parental leave not before 70 days from the birth of the child. Previously the parental leave could not be interrupted before 45 days

from the birth. After these 70 days (previously 45) from the birth of the child, the father can use parental leave instead of the mother.

Family benefits

In **Azerbaijan**, the income threshold for eligibility to social assistance family benefits, was increased, so that these benefits are paid to families with average monthly per capita income up to 160 Azerbaijani manat (in 2019 143 manat). If there is a child under 1 year of age in a low-income family that has been assigned social assistance, an additional monthly benefit of 55 manat is paid for the child. The lump sum birth grant was increased from 109 to 200 manat.

In **Moldova**, the insured person who is on child care leave with a child up to the age of 3 years has now two options for a monthly child-raising allowance. Under the first option, the allowance is paid until the child reaches the age of 3 years at the rate of 30% of the calculation basis for each child, but not less than the established minimum (in 2020, 640 Moldovan lei). Under the second option, the allowance is paid until the child reaches the age of 2 years and 2 months, at the rate of 60% of the calculation base (but not less than double the established minimum, 1280 Moldovan lei in 2020) until the child reaches the age of 1 years, and thereafter at the rate of 30% of the calculation basis (but not less than the established minimum) until the child reaches the age of 2 years and 2 months. The option initially chosen at the time of granting the allowance cannot be subsequently modified.

North Macedonia introduced an education allowance, which is a tax-financed scheme providing means-tested benefits to households with a child up to 18 years of age who is in regular schooling in primary or secondary education schools in North Macedonia. It is intended to cover part of the household expenses associated with schooling.

In North Macedonia also the qualifying conditions of eligibility, income test thresholds and the rates of child allowances were modified. These allowances are paid to Macedonian citizens with permanent residence, while previously there was an additional requirement of permanent stay for the last 3 years. Under the new rules, the rate of allowance varies according to the age and number of children in the family, depending on whether and how many children in the family are at pre-school or school age. The birth grant, which was previously paid only for the first child, is from 2020 paid in respect of the first and second child, with a 4 times higher rate of the birth grant for the second child.

In **Serbia**, for entitlement to means-tested child benefit, the threshold is increased by 30% if the child is raised by a single parent, in case the other parent is unknown, not entitled to survivor pension or disabled, but not entitled to disability pension.

Unemployment benefits

In **Moldova**, a new law on employment promotion and unemployment insurance is applied from February 2019. The law modified the definition of the 'unemployed person' who is eligible for benefits. A person is considered as an unemployed if he/she meets the following conditions:

- is between 16 years of age and the age established for obtaining the right to an old-age pension or another category of pension, except persons receiving survivor's and disability pension (persons with disabilities must have recommendation for employment);
- is suitable for performing work;
- does not have a job;
- does not study in full-time education;
- is actively looking for a job both individually and through the territorial subdivision and is available to start work;
- is registered as unemployed at the National Employment Agency.

In **Montenegro**, a new Law on mediation in job placement and rights arising from unemployment was adopted in 2019. The qualifying conditions for entitlement to unemployment benefits were modified. The qualification period, which was previously at least 12 months of continuous insurance service or with interruptions in the last 18 months, was reduced from 12 to 9 months. On the other hand, entitlement to benefits was also extended to an insured person who, pursuant to a special law, has ceased to perform entrepreneurial, professional or other activity as a core occupation, without his/her guilt. The rate of benefit, which was previously 40 % of the minimum wage determined under General Collective Agreement, is now set at 120% of the calculated value of the coefficient determined under the Law on Wages of Public Sector Employees. The scale determining the duration of payment of benefits depending on the length of the insurance service was also modified. For persons with insurance period over 35 years, the unemployment benefit may be paid until entitlement to old-age pension.

In **North Macedonia**, the scope of persons entitled to unemployment benefits was also modified. Under the new definition of unemployed persons, benefits may be paid to a person who is:

- involuntary unemployed;
- not working;
- not in full time education (regular school or university student);
- registered with the Employment Agency;
- able-bodied;
- available for work;
- not entitled to a pension;
- has been actively seeking for an employment and prepared to accept any corresponding or suitable employment offered by the Employment Agency;

- has not refused a job offer/training;
- does not possess or manage a registered company or other legal entity;
- does not engage in craftsmanship or other professional activity;
- does not engage in agriculture.

Guaranteed minimum resources

In **Bosnia and Herzegovina**, in the Republica Srpska and in Brčko District legislation on financial assistance for persons with low or no income was introduced. In the Republic of Srpska, financial assistance has the objective to provide minimum means for subsistence to persons who are not able to provide such means for themselves by work or other means. Eligible for assistance are persons under or over working age (children up to 18 years of age or until completing regular education up to 26 years of age, and persons over 65 years of age), as well as persons of working age, if they are incapable to work; women during pregnancy, childbirth and after childbirth for 12 months (or 18 months, in case of twins and for every third and subsequent child); and father, guardian or adoptive parent who care for one or more children up to one year of age, with income below an established threshold. Additionally, applicants shall have no surplus housing or other property to provide means of subsistence, and no maintenance payers who are obliged to support him/her in accordance with the Family Law or if those relatives are not able to support him/her due to disability and other objective impediments. In Brčko District, the right to financial assistance applies to persons who due to circumstances need assistance, have no relatives obliged to support him/her or if such relatives are unable to fulfil this obligation, and who have monthly income below established threshold (less than 45% of the average salary) and limited property (no more than one housing and land with total area not exceeding two dunums, i.e. 2000 m²).

In **Moldova**, from November 2019 the amount of aid for disadvantaged families for the cold season of the year (January-March and November-December) from 350 to 500 Moldovan lei per month.

In **North Macedonia**, the new Law on Social Protection and the Law on Social Security of Elderly (adopted 23 May 2019) modified the rules for social assistance benefits. The Guaranteed Minimum Assistance scheme provides financial help for households with income per adult (using equivalence scales) below established level, which is one third of the new minimum wage, and who are unable to increase their income through other entitlements and claims or sale or other disposal of own assets/property. Elderly persons (65+) who have resided permanently in the country over the last 15 years can receive a flat-rate old-age benefit, if they are not entitled to a pension and are without income and are unable to increase their income through entitlements and claims or sale or other disposal of own assets. In respect of these benefits, the means-related conditions as regards the rights in rem, property/assets, income and other benefits (including

exemptions) and exhaustion of other claims have been amended. Recipients of the Guaranteed Minimum Assistance are granted a supplement for energy allowance and may separately claim for a housing allowance.

Long-term care

In **North Macedonia**, for the purposes of Services for Assistance and Care at Home to assess person's ability to perform independently the activities of daily living the Katz Index of Independence in Activities of Daily Living is used by doctors. The independent living skills are assessed by social work case managers on the basis of the Lawton-Brody Instrumental Activities of Daily Living Scale. These elements determine the degree of dependency and the number of hours of care to assist with the activities of daily living and with instrumental activities.