



08/02/2024

RAP/RCha/MKD/2023

## **EUROPEAN SOCIAL CHARTER**

Ad hoc report on the cost-of-living crisis

submitted by

**THE GOVERNMENT OF THE REPUBLIC  
OF NORTH MACEDONIA**

Report registered by the Secretariat  
on 08 February 2024

**CYCLE 2024**



REPUBLIC OF NORTH MACEDONIA  
MINISTRY OF LABOUR AND SOCIAL POLICY

---

**ELEVENTH (ad-hoc) REPORT  
ON THE IMPLEMENTATION OF THE  
REVISED EUROPEAN SOCIAL CHARTER**

**Submitted by the**

**REPUBLIC OF NORTH MACEDONIA**

**(ad hoc report on the cost-of-living crisis)**

---

Skopje, January 2024

In this **ad hoc Report**, we present the available information and data in response to the specific questions of the European Committee of Social Rights, which relate primarily to the impact of the crisis on the standard of living of the population and the measures and policies taken at national level to mitigate the negative consequences.

**Questions** (from the European Committee of Social Rights – ECSR):

1. Please provide information as to whether and how the statutory minimum wage is regularly adjusted/indexed to the cost of living. Please indicate when this last happened, specifically whether it has been adjusted /indexed since the end of 2021.
2. Please provide information on any supplementary measures taken to preserve the purchasing power of the minimum wage since the end of 2021
3. For States Parties with no statutory minimum wage, please describe any measures taken to preserve the purchasing power of the lowest wages since the end of 2021.

**Minimum wage**

The institute of “**minimum wage**” has been established and functioning in the Republic of North Macedonia for a longer period of time, that is, for more than 10 years.

The *Law on Minimum Wage* was first enacted in 2012, but at that time, it did not foresee an equal (unique) minimum wage for all workers. Namely, in that period, taking into consideration the data on the average wages in specific activities, the minimum wage was determined with coefficients for some economic activities, which in turn resulted in variances in the amount of the minimum wage in different activities. This applied primarily to the industries for manufacturing of textile, footwear, and leather and related products, where the minimum wage was significantly lower compared to other industries.

The existence of uneven minimum wage level for all workers in all activities lasted five years. Finally, in 2017, the minimum wage was equalized for all employees in all activities, which still applies to date.

Pursuant to the **Law on Minimum Wage of the Republic of North Macedonia** the minimum wage is the lowest monthly amount of the basic salary, which the employer is obliged to pay to the employee for full time work (Article 2). It is also established that "all workers have the right to a minimum wage, according to the provisions of this law" (Article 3 paragraph 1)

Each year, the amount of the minimum wage, in line with the provisions of the *Law on Minimum Wage*, is published in the “Official Gazette” by the Minister of Labour and Social Policy after previously receiving an opinion from the Economic and Social Council.

The amount of the minimum wage has been continuously increasing since 2017 to date, and from a net amount of MKD 12,000 in 2017 (12,165 - 12,507 - 14,500 - 14,934 - 15,194 - 18,000) it reached a net amount of MKD 20,175 in March 2023 (*see the graph below*).

One of the most important steps forward in this area (in respect to the provisions and requirements related to minimum wage), were the positive changes made with the legal amendments in 2022.

More precisely, at the start of 2022, workers', employers' representatives and the Government led intensive negotiations and consultations on finding an adequate solution for determining the amount of the **minimum wage** for 2022. As a result of the successfully realized social dialogue, a consensual position of the Economic and Social Council was reached on increasing the minimum wage as of March 2022, changing also, the criteria on adjusting the minimum wage, as well as providing employers with subsidies until the end of the year for mandatory social security contributions to cover the difference of the increased minimum net wage.

As a result of these effective consultations and reaching an agreement with social partners the *Law on Minimum Wage* was amended and adopted by the Assembly of the Republic of North Macedonia on 23 February 2022<sup>1</sup>, thereby enabling continuous increase of the minimum wage per worker in the country.

The latest amendments set the minimum net wage to MKD 18,000, as of March 2022. The *Law on Minimum Wage* was amended in a transparent manner through social dialogue and negotiations conducted at the sessions of the Economic and Social Council between workers' representatives (unions), organizations of employers and the Government.

What was particularly important was the fact that the adopted legal amendments also **changed the old criteria and methodology for determining the minimum wage**. Namely, these amendments established that the minimum wage will be adjusted every year taking into account the **annual increase in the average new wage in the country** and the **increase of the cost of living**. Specifically, the increase in the minimum wage will be calculated as **50%** of the annual increase of the average net wage (for the previous year) and **50%** increase of the cost of living (Article 4, paragraph 1)

The third criterion is a novelty, and it determines that **the minimum wage may not be lower than 57% of the average net wage** paid for the previous year and published by the State Statistical Office (Article 4, paragraph 2). The new methodology, defined in the Law, as described previously, guarantees the sustainability and continuous growth of the minimum wage in proportion to the increase in labour productivity.

In line with the established methodology and criteria, after the adjustment, in March 2023, the minimum net wage amount was set to MKD 20,175. This represents an increase of 12.1% compared to 2022.

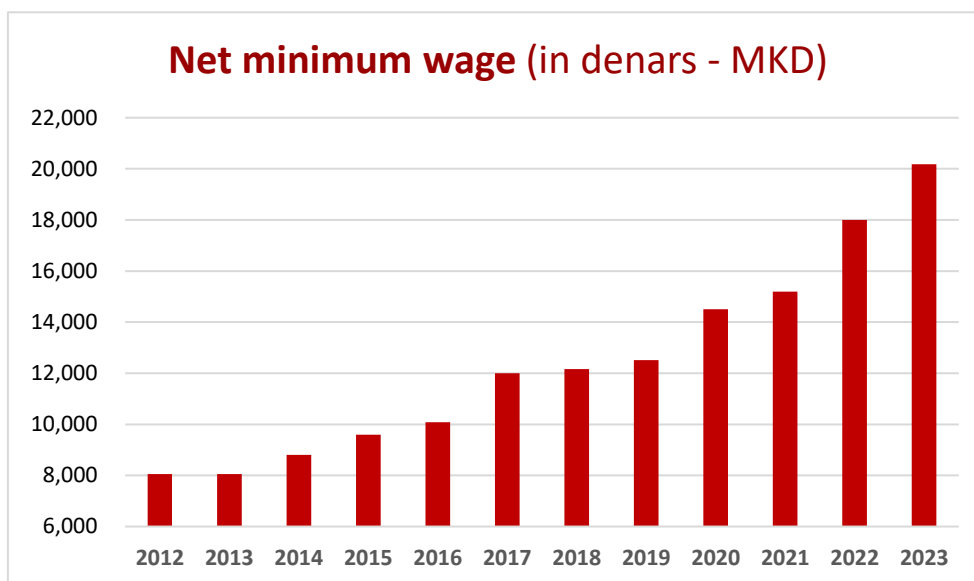
- - -

For the reason of comparison, according to the data published by the State Statistical Office, the average monthly net wage paid per employee, in March 2023, amounted to MKD 34,925. Therefore, the minimum net wage (set at MKD 20,175) corresponds to **57.8% of the average net wage per employee in the country** for the same month.

---

<sup>1</sup> "Official Gazette of the Republic of North Macedonia" No. 41/2022 of February 24, 2022

The following **graph** shows the trend (increase) of the minimum net wage in the Republic of North Macedonia in the period since its introduction in 2012.



4. Please provide information as whether the cost of living crisis has led to the extension of in-work benefits<sup>2</sup>.

#### **Anti-crisis measures adopted by the Government of the Republic of North Macedonia to support the economy and citizens**

To mitigate the economic shocks primarily caused by the emergence of the pandemic and the global health crisis, the Government reacted promptly by adopting several **sets (packages) of various economic anti-crisis measures** which contributed towards the protection of the liquidity of companies and preservation of jobs with customised, properly targeted, and timely support, as well as provided necessary assistance and support to the unemployed and vulnerable households in overcoming the challenges related to the emerging crises in this period of time.

\* \* \*

<sup>2</sup> Supplements to support workers on low incomes such as the prime d'activité in France, or the Working Family Payment and the Back to Work Family Dividend in Ireland.

The economy of the Republic of North Macedonia, after experiencing accelerated growth in 2019, faced several consecutive crises in the following four years due to external shocks. In 2020, the economy was heavily hit by the COVID-19 pandemic, to which the Government responded with a series of six packages of anti-crisis measures which were announced and implemented during 2020 and 2021. The goal of these measures was to primarily preserve jobs, the liquidity of companies, and social security, as well as to support the recovery of the domestic economy and create a foundation for accelerated long-term economic growth.

Very shortly after the declaration of the pandemic, in 2020, the Government of the Republic of North Macedonia adopted four packages of anti-crisis measures aimed at tackling the negative consequences for the economy. Within these packages, about 70 different measures were created, covering and supporting legal entities and natural persons affected by the pandemic.

All packages of anti-crisis measures were focused on the citizens, their jobs, social security and solidarity, as well as on the creation of an environment that facilitates overcoming the economic consequences of COVID-19, and implementation of an exit strategy for continuing with the positive development trends of the Macedonian economy.

It is of particular importance to note that the creation of the measures for all packages was done in a transparent and widely inclusive process with the participation of chambers of commerce, trade union organizations, and organizations of employers, with a view to cover the maximum number of citizens affected by the crisis and to ensure that the measures truly correspond to the needs of the different target groups.

These first **four packages of anti-crisis measures** were announced and adopted by the Government on 18 March 2020, 31 March 2020, 17 May 2020 and 27 September 2020.

The value of all four packages of anti-crisis measures amounts to around EUR 1 billion and 20 million, with the fourth package of economic measures amounting to EUR 470 million, and the total value of the previous three packages amounting to about EUR 555 million. These financial resources were intended for the citizens and the economy in order to ensure the stable sustainability of the economy with the potential for its revitalization.

About 70 specifically targeted measures were defined and implemented within these anti-crisis packages, such as:

- Exemption from payment of personal income tax and profit tax for entities with reduced income of 30% compared to the previous period;
- Subsidisation of 50% of social contributions per employee in companies strongly affected by the crisis;
- Reduction of penalty interest rates for public fees;
- Deferment and restructuring of loan payments for companies and citizens for a period of three to six months;
- Provision of interest-free credit lines for companies;
- Support for employers to protect jobs and pay salaries for three months with the provision of assistance equal to the minimum wage per worker, for companies and self-employed that had a reduction in income of at least 30% (EUR 84 million were realised for this measure, and 120,000 employees were covered);

- Provision of cash allowance for citizens who lost their jobs amounting to 50% of the worker's average wage (budget expenditures of about EUR 900,000);
- Facilitating the criteria and expanding the coverage of social assistance beneficiaries (budget expenditures of EUR 450,000);
- Exemption from paying rent for beneficiaries of social apartments;
- Financial support for athletes and artists (target groups strongly affected by the crisis) (budget of EUR 508,000)
- Voucher for home tourism of MKD 6,000 for employees with a monthly net salary lower than MKD 15,000 (EUR 16 million implemented);
- Issuance of a payment card for subsidising 50% of the green fuel for farmers (EUR 4.6 million implemented)
- Financial support for youth by co-financing IT and digital skills training vouchers in the amount of MKD 3,000 (EUR 12 million implemented);
- Co-financing craftsmen's costs for procurement of tools and raw materials (EUR 145,000 for 225 craftsmen);
- Support for the development of domestic products and services of start-ups through the Fund for Innovation and Technology (EUR 1.6 million implemented for 88 projects);
- Introducing "VAT-free weekend" (EUR 17 million of VAT return) and so on.

The economic activity decreased by 4.5% in 2020, as a result of the global COVID-19 pandemic. The fiscal policy response to the pandemic in the country was swift and significant in providing support to enterprises and workers in the most affected economic activities/sectors, as well as to the vulnerable categories of the population, and had a considerable impact on mitigating the negative effects caused by the pandemic on household income and consumption and the activity of legal entities. The implemented measures provided a fiscal stimulus amounting to 6.5% of the GDP. The assessments carried-out by domestic, but, also by international institutions, are that without the prompt fiscal policy response, the GDP decline in 2020 would amount to over 8% (i.e., 8.4%) - as opposed to the actual 4.5% decline.

After mitigating the effects of the pandemic, the economy of the Republic of North Macedonia began to show signs of recovery in 2021 with 4.5% GDP growth at annual level, in spite of the prolonged impact of COVID-19.

In **2021**, some of the measures from the third and fourth package of anti-crisis measures adopted in 2020 continued to be implemented; additionally, a **fifth and sixth package of measures** were also introduced with the aim to support the revitalization of the crisis-stricken economy.

The fifth package of measures was announced on 16 February 2021, and the Government adopted the sixth package of economic measures for tackling the consequences of the crisis in April of the same year. The fifth set consisted of 29 measures valued at about EUR 160 million; of which EUR 91.7 million have direct fiscal implications. The measures from this set were distributed in 4 main pillars, as follows:

1. Direct financial support for companies aimed at preserving the jobs of citizens in the sectors of tourism, catering, transport and event management;
2. Financial support for the liquidity of the private sector with interest-free loans in order to retain and increase the number of workers;
3. Creating a more favourable business environment by systemic redefining of the customs tariff, reducing the para-fiscal charges and tax relief and deferment for several public duties and
4. Support for citizens.

The sixth package, valued at EUR 17.8 million, consisted of 7 specific measures for supporting the activities which were completely shut down to prevent the COVID-19 spread, as well as for improving the liquidity of companies that invested during 2021.

Within this package, among others, the following measures were realized:

- Financial support for the payment of salaries in companies with revenue decline (60,000 workers were covered);
- Interest-free credit lines for affected companies;
- Financial support for registered craftsmen for 2021;
- Exempting self-employed citizens from payment of personal income tax;
- Support for sports clubs;
- Elimination/removal of customs duties for a large number of raw materials;
- Support for micro, small and medium enterprises;
- Financial support for tobacco growers and grape processors;
- Cancellation of the interest rate that citizens owe to public institutions and public utilities and
- Financial support for Roma entrepreneurs.

However, at the end of 2021, the domestic economy was hit by new global shocks caused by the energy crisis which escalated at the start of 2022 as a result of the Russia–Ukraine conflict. Unfavourable trends of the energy markets and the Russian invasion on Ukraine contributed to a surge of energy and food prices which caused a sharp rise of global inflation.



Under the influence of these several intertwined crises in the last four-year period, which greatly affected the economy and standard of living of citizens, the Government was forced to continue with the creation and implementation of new packages of specifically designed anti-crisis measures to reduce the negative effects and consequences for the economy and the citizens of the Republic of North Macedonia.

The two new packages of anti-crisis measures adopted in **2022** amounted to EUR 760 million. The measures were created as a response to the energy and price crisis and were aimed at protecting the most vulnerable categories of society, as well as supporting the economy.

The first package of these, was adopted in March 2022, and was focused on protecting the standard of living of citizens and maintaining the liquidity of companies. The second package of measures was adopted later in October 2022, and provided support for investments in energy efficiency and renewable sources of energy.

Initially, the measures were targeted towards mitigating the price shock caused by the rise of energy prices for the population and the companies through direct financial support for “ESM” (Power Plants of North Macedonia) by subsidising the price of electricity, as well as through a preferential VAT rate on electricity, and later on, towards mitigating the effects of the rise of food prices through measures for freezing prices of specific products, increasing the minimum wage, the pensions, and the public sector salaries, as well as through one-off financial allowances/payments to the most vulnerable categories of citizens, i.e. social assistance recipients and pensioners with low pensions. The goal was to maintain the purchasing power of the population and the liquidity of companies by gradually targeting the most vulnerable citizens and supporting investments. The measures enabled the transferring effect of the imported inflation to slow down, provided a stable supply of electricity and prevented price shocks. On account of the measures aimed at limiting price rises, inflation has been in a steady decline for 12 months in a row and reached 3.1% in November 2023, after reaching the highest peak of 19.8% in October 2022.

The energy crisis, as an additional challenge faced by the Macedonian economy, led to increased concern among companies due to increased production costs, and among vulnerable categories of citizens in particular, thus increasing the risk not only of energy poverty, but also of deterioration of the standard of living and general increase of the poverty level.

The Government’s reaction to limiting the consequences of the energy crisis was to provide assistance to the state-owned power-producing company “ESM” in the amount of EUR 100 million, which contributed to alleviating the price shock. Additionally, with a view to support the standard of living, a preferential VAT rate of 5% on electricity for households was introduced, which was reduced compared to the previous rate of 18%. Furthermore, pursuant to the *Law on Social Protection*, financial assistance of MKD 1,000 per month was paid to socially vulnerable citizens during the winter to cover heating costs, thereby providing assistance to 35,000 households beneficiaries of guaranteed minimum assistance and over 10,000 elderly people beneficiaries of the right to social security.

\* \* \*

With these eight packages of anti-crisis measures, the funds allocated for supporting the economy and the standard of living of the various vulnerable groups of citizens, as well as those exposed to the effects of the crisis situation amounted to around EUR 1.96 billion. As a result, the economic decline was reduced in 2020, and the economy recovery and growth that followed were supported.

The initial analyses of the research<sup>3</sup> entitled “The impact of the food and energy crisis on the welfare of households in North Macedonia” conducted by UNICEF Macedonia and Finance Think (a non-profit institute for economic research and policies – <https://www.financethink.mk/en/>) were published in February 2023. The research analyses, *inter alia*, the impact of the implemented anti-crisis measures packages on the economic situation and the standard of living of households in the country. The analysis also shows the following:

- “... [S]ome 33 thousand people – ten thousand of which were children – have been pushed below the poverty line due to the food and energy crisis. While the Government measures have been successful in ensuring that the number of affected families has not been higher, participants noted the need for more targeted interventions to support the most vulnerable households.”
- “In 2022, compared to 2021, the Consumer Price Index in North Macedonia increased by 14%. Food prices increased by 22% on average, while some categories of food increased by 36%. These price shocks disproportionately affected families with multiple children and with lower incomes, due to the greater share of food and energy expenditures in their household budget. The most vulnerable segments of the population are left with little funds to meet their other basic needs.”
- “The measures from the two Government packages of measures are estimated to be effective in the range of 30 to 60%, depending on which specific rate and which specific population group, that is, if it were not for the measures, the impact of the crisis on the welfare of households would have been 40 to 70% more intense in the negative sense. [...] However, the analysis clearly shows that the measures helped all income groups, including those who could bear the impact of the crisis themselves, and this is important because of the narrow fiscal space, which then puts a lot of pressure on the need to borrow.”

\* \* \*

With the aim of continuing the policy of providing targeted support to vulnerable households and companies so as to enable them to face the challenges more easily, in **December 2023**, the Government announced the **new (ninth) package of economic anti-crisis measures**. The new package of carefully designed anti-crisis measures is substantial, comprising 23 measures and amounting to a total of EUR 662.4 million, EUR 123.7 million of which have direct and the remaining have indirect fiscal implications, allocated over 2 fiscal years, whilst ensuring fiscal sustainability. These measures are aimed at supporting the youth population (pupils and students) from vulnerable categories of families, the most vulnerable categories of citizens (low-pension pensioners, persons and children with disabilities, single parents that are social assistance beneficiaries), farmers - for the purpose of stimulating food production, as well as companies in the process of green transition (taking into account that the climate change is one of the factors that could impact price pressures in future).

---

<sup>3</sup> <https://www.unicef.org/northmacedonia/press-releases/children-must-be-forefront-measures-reduce-food-and-energy-poverty>

The package-nine measures cover, *inter alia*, around 120,000 young people, 74,000 persons from socially vulnerable categories of citizens, 187,000 pensioners, 40,000 farmers, 540,000 beneficiaries of the VAT refund measure (via the "My VAT" application"), and 70,000 companies.

The new package of measures is divided into several categories: 1) Measures for supporting citizens and households (support for pupils and students from low-income families, vulnerable categories of citizens, low-income pensioners and households, farmers); 2) Measures for supporting the business sector (more favourable loans for liquidity and investments, subsidising contributions for higher wages); 3) Measures for supporting the public sector (municipalities and public enterprises); and 4) Systemic measures that contribute to mitigating the effects of the price and energy crisis.

More specifically, some of the stated measures include:

- **Financial aid for pupils from low-income families and for students.** Funds are provided for supporting primary and secondary education pupils from low-income families (families whose total monthly income amounts to two minimum salaries, i.e. MKD 50,000 at the most), with the envisaged financial support amounting to MKD 1,200 per month, covering a 6-month period, pertaining to 70,000 primary education pupils (out of a total of 185,000 grade 1–9 pupils) that meet the requirements. Given the greater needs of secondary education pupils, they are provided with financial support in the amount of MKD 1,800 per month for a period of 6 months (for 35,000 secondary school students). Furthermore, financial support in the form of a transportation voucher is awarded to 15,000 students living outside their place of study, worth MKD 600–1,200 per student depending on the places of residence and study. Overall, financial support will be granted to a total of 120,000 beneficiaries – young people, primary and secondary education pupils from low-income families, as well as students from state universities, totalling EUR 16.4 million.
- **Support for over 200,000 people from the vulnerable categories and low-pension pensioners.** In conditions of high inflation, in compliance with the recommendations of the international financial institutions to protect the vulnerable categories of citizens through the fiscal policy, this package envisages a number of such measures. To be specific, citizens who are beneficiaries of disability allowances (10,103 beneficiaries), single parents who are guaranteed minimum assistance recipients, i.e. socially endangered single parents (610 beneficiaries), parents of children with disabilities aged up to 26 years who are special allowance recipients (6,028 beneficiaries) will receive funds in the monthly amount of MKD 2,000 for a period of five months, so as to enable them to overcome the difficulties caused by the increase in the cost of living. The total funds to be granted for the said purpose are estimated at EUR 2.7 million. A measure for supporting pensioners with low pensions (up to MKD 19,000) was also prepared with the aim of overcoming the difficulties in the conditions of the prolonged effects of the energy crisis and stabilising the price crisis. Recipients of a pension in the amount of up to MKD 14,000 will receive financial support of MKD 3,000 per month for a period of five months (about 92,200 pension recipients), whereas pensioners with a pension of MKD 14,001 to 16,000 will receive financial support of MKD 2,000 per month for a period of five months (42,253 pension recipients). Pensioners with pensions ranging from MKD 16,001 to 19,000 will receive financial support in the amount of MKD 1,500 per month for a period of 5 months (52,798 pension recipients). The total fiscal implications for the provision of support to this vulnerable category comprising over 187,000 persons will amount to EUR 35.8 million. The direct financial support measure for vulnerable electricity consumers will continue to be implemented through electricity subsidies for low-income households, such as guaranteed minimum assistance and social pension beneficiaries. The measure for supporting households with the aim of encouraging energy efficiency and renewable resources (for the installation of photovoltaic panels, solar systems, and PVC windows) also continues to be implemented. Financial support for farmers is also envisaged to be provided to around 40,000 farmers in the form of advance payment of subsidies for crop production (agricultural, horticultural crops, vines, and fruit plantations) and animal husbandry.
- **Supporting the competitiveness of companies, green transition, and women's entrepreneurship.** This refers to the planned measures for supporting the private sector, primarily

aimed at supporting the competitiveness of small and medium-sized enterprises (crediting to small and medium-sized enterprises in order to encourage them to invest in energy efficiency and renewable energy resources projects), the green transition (credit line for green transition that will support companies' investments in energy efficiency and renewable energy resources), as well as the support for women's entrepreneurship. The total support is estimated at around EUR 492 million, mainly provided by means of favourable credit lines from international institutions. Another important measure for both companies and employees in the private sector is the exemption from paying contributions for current employees for a MKD 3–9 thousand increase in their salaries, whereby the employer will pay personal income tax, and will be exempt from payment of health and pension insurance contributions for the amount of the increase for a period of 12 months (this specific measure aims to reduce tax evasion and the grey economy, as well as to support the private sector in paying higher salaries).

5. Please provide information on changes to social security and social assistance systems since the end of 2021. This should include information on benefits and assistance levels and the allocation of benefits.

The reform in the entitlements belonging to the child protection domain of 2019 resulted in reduction in the child poverty rate. This reform was aimed at: increasing the access to child protection entitlements, especially the access to the entitlement to child allowance; increasing the scope of school age children by including regular primary education pupils in addition to children that are regular secondary education pupils, by introducing a new child protection entitlement, namely, education allowance; and enabling the provision of the entitlement to a one-off cash benefit for a second new-born child. The right to parental allowance for a child continues to be granted for previously acquired entitlements; however, with the reform in these entitlements, the funds were redistributed by granting the entitlement to parental allowance for a child to a materially unsecured family (for children born from 24 March 2020 onwards). In other words, the reform allowed for the reallocation of these funds to those citizens who need them the most, that is, it allowed for a more equitable provision of the entitlement to parental allowance for a child (for a third-born child) by making it dependent on the financial situation of the family, since the goal of social policy is to support and protect socially vulnerable families.

With the *Law Amending the Law on Protection of Children* (“Official Gazette of the Republic of North Macedonia” No. 236/22), the amount of the right to a special allowance was increased by 15% for all three categories of beneficiaries of the right (for parents of a child with a disability, for a single parent and for materially unsecured parents who are beneficiaries of guaranteed minimum assistance) who have children with disabilities aged up to 26 years.

6. Please provide information as to whether social security benefits and assistance are indexed to the cost of living, as well as information in particular on how income-replacing benefits such as pensions are indexed. Please indicate when benefits and assistance were last adjusted/indexed.

The amount of the child protection allowances is adjusted for the increase in the cost-of-living index for the previous year, as published by the State Statistics Office in January of the current year. In the event that there is no increase in the cost-of-living index for the previous year, no adjustment is made to the amount of the child allowance. In 2023, the amount of child protection allowances was adjusted in compliance with the Announcement No. 4.1.22.02 of the State Statistical Office of 9 January 2023, that is, it increased by 14.2%.

7. Please provide information as to whether any special measures have been adopted since late 2021 to ensure persons can meet their energy and food costs, such as price subsidies for energy, fuel, and basic food items.

In 2022, in accordance with the amendments to the *Law on Protection of Children*, the amount of the entitlement to special allowance increased by 15%.

No special measures have been adopted for the remaining cash benefits; however, the amounts of social security benefits continue to increase every year in accordance with the increase in the cost-of-living index for the previous year, as announced by the State Statistical Office in January of the current year.

Additional information are provided earlier within this report in the parts that in details describe the implemented anti-crisis measures.

8. Please provide up-to-date information on at-risk-of-poverty rates for the population as a whole, as well as for children, families identified as being at risk of poverty, persons with disabilities and older persons. Please show the trend over the last 5 years, as well as forecasts for upcoming years.

In 2020, the at-risk-of-poverty rate was 21.8%.

The at-risk-of-poverty rate before social transfers<sup>4</sup> and before pensions for 2020 was 42.1%.

The at-risk-of-poverty rate in the region is projected to return to its pre-pandemic downward trend and to fall by about 1 percentage point to 20.3%, that is, close to its 2019 levels.<sup>5</sup>

9. Please provide information on what measures are being taken to ensure a coordinated approach to combat poverty as required by Article 30 of the Charter, and to diminish reliance on last-resort relief, such as food banks and soup kitchens.

In 2022, additional measures targeting vulnerable groups of citizens were taken for the purposes of mitigating the consequences of the economic and energy crisis and the price shock in the country. Amendments were made to the *Law on Social Protection*, thus allowing the provision of support in the amount of MKD 1,000 to guaranteed minimum assistance beneficiaries for the months of March, April, and May of 2022.

The adoption of the *Law on Financial Support of Socially Vulnerable Categories of Citizens for Dealing with the Energy Crisis* ("Official Gazette of the Republic of North Macedonia" No. 246 of 16 November 2022) enabled the provision of financial support for special allowance beneficiaries who have children with disabilities, in the monthly amount of MKD 3,000 for a period of four months, starting from the month following the month of entry into force of this law, that is, for the months of December 2022, January 2023, February 2023, and March 2023 (MKD 12,000 in total).

The following categories of socially vulnerable citizens were determined as financial support recipients: beneficiaries of the right to social security for the elderly, special allowance beneficiaries, disability allowance beneficiaries, persons with disabilities and permanent medical impairments who are

<sup>4</sup> The at-risk-of-poverty rate before social transfers shows the share of people with equivalent disposable income before social transfers, also excluding pensions, below the poverty threshold. Source: SSO

<sup>5</sup> OCTOBER 21, 2021. <http://documents.worldbank.org/curated/en/900381634670558017/Greening-the-Recovery>

recipients of the entitlement to allowance for assistance and care from another person but are not disability allowance beneficiaries, without requiring control examinations, single parents who are registered guaranteed minimum assistance beneficiaries, beneficiaries of the right to a pension in the amount of up to MKD 14,000, beneficiaries of the right to compensation for bodily damage, and unemployed persons who are beneficiaries of a material security entitlement in the form of a cash benefit.

Financial support was provided to over 177,000 citizens from the categories stated above.

With the amendments to the *Law on Pension and Disability Insurance* that entered into force in March 2022, a new method of pension adjustment was introduced, according to which the pension adjustment is dependent on the increase in the average salary and the cost of living index. The September 2022 adjustment made in compliance with the amendments to the law contributed to the growth of pensions by 9.7%, and with the adjustment made in March 2023, pensions increased by additional 8.4%.

Furthermore, in 2022, a one-off cash benefit in the amount of MKD 1,000 was provided to all pensioners for three months (April, May, and June), with the aim of maintaining the standard of pension beneficiaries and mitigating the consequences of the price shock.

10. Please provide information on steps taken to consult with, and ensure the participation of, the persons most affected by the cost of living crisis and/or organisations representing their interests in the process of designing of measures in response to the crisis.

As stated previously in this report, the specific measures and policies that were adopted by the Government of the Republic of North Macedonia had been the subject of extensive consultations and discussions, primarily with social partners, chambers of commerce, and other relevant entities. The measures had also been discussed at the sessions of the Economic and Social Council, and even more widely.