

SOME ASPECTS OF THE SOCIAL SECURITY SYSTEM IN THE REPUBLIC OF NORTH MACEDONIA DURING CORONAVIRUS PANDEMIC



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Abstract

The 2020 coronavirus pandemic has led the North Macedonia into a serious social and economic crisis. The paper discusses the impact of the coronavirus pandemic on the formulation of the national social security policy and legal framework, in line with international standards based on human rights treaties. Crucial social security measures in the country particularly give the pressure on health protection, unemployment, family and child support.

The evaluation will focus on the adopted and new policy measures for social security. An important question is does the North Macedonian social security system is well established to protect workers from social risks during a pandemic. Due to the COVID-19 pandemic, some workers who lost jobs might rely on unemployment compensation. So, the focus in this paper is on the challenges of the social security system from large-scale disruptions such as COVID-19.

The paper ends with a summary of the main policy measures and an outlook where further research is needed. It's concludes that during and after the pandemic the social security policy will be more important than ever.

1. Introduction

The coronavirus outbreak is challenging social security systems and among others, healthcare and unemployment insurance are under pressure. The coronavirus pandemic has devastated the world of work, affecting people's lives, health and well-being, and it has had a dramatic effect on enterprises, jobs and livelihoods throughout the country (ILO, 2020). This public health crisis has also generated massive economic and social disruption in the Republic of North Macedonia. Companies and their employees are facing significant challenges, and the pre-COVID-19 world of work is unlikely to return for some years. Governments across the world are having to make decisions at a very fast pace, without much time to think (Hausmann, 2020). In the context of the Republic of North Macedonia, the coordination of the social security system is particularly affected. The pandemic has caused a deep socio-economic crisis, with thousands out of work or working part-time. In such

circumstances the national social security system has a strong role to support insured persons, healthcare professionals and the economy at large. The notion of social security covers all measures providing benefits, whether in cash or in kind, to secure protection, inter alia, from: lack of work-related income (or insufficient income) caused by sickness, disability, maternity, employment injury, unemployment, old age, or death of a family member; lack of access or unaffordable access to health care; insufficient family support, particularly for children and adult dependents; general poverty and social exclusion (ILO, 2020). Building a social security system on the basis of human rights can significantly contribute to their effectiveness in eradicating poverty and in reducing inequalities, these improving resilience of society in the face of crises. With the social support system descending, the burden of this challenging landscape increasingly falls on the individual. Sickness and unemployment benefits became a focus of attention in the early stages of the crisis and

are set to become increasingly prominent as lockdowns ease. For example, various countries have taken rapid steps to strengthen sickness and unemployment benefits in the context of COVID-19. Some countries have increased the adequacy of the social insurance sick leave benefits (Russia and Uzbekistan) and made administrative modifications such as waiving waiting periods for sickness benefits and adapting delivery mechanisms to accommodate quarantines (Gentilini; Orton, et al., 2020). Other countries (Germany and France) following the COVID-19 outbreak increased allowance for unemployment benefits and largely eased the procedure to apply for it. Since the beginning of the pandemic, the government of the Republic of North Macedonia also has introduced a variety of social security policy responses to mitigate the consequences of the containment measures on well-being and the economy, employment and incomes, and on families and children who are not able to access social and health services.

2. The Obligation of Social Security Under Human Rights Treaties

The universal need for social security has been recognized by the world community as a human right. Under human rights law, the Republic of North Macedonia is legally obligated to establish social security systems. This duty flows directly from the right to social security, which is articulated most prominently in the International Covenant on Economic Social and Cultural Rights (Article 9). The right to social security is also enshrined in the Universal Declaration of Human Rights (Articles 22 and 25); International Convention on the Elimination of All Forms of Racial Discrimination (Article 11); Convention on the Rights of the Child (Article 26); and the Convention for the Protection of Migrant Workers and their Families (Article 27). It also appears in regional human rights instruments: Protocol of San Salvador (Article 9); European Social Charter (Article 12), and in several Conventions of the international Labor Organization, in particular Convention No. 102 on Minimum Standards of Social Security. The Convention on the Rights of Persons with Disabilities explicitly refers to the right to social protection (Article 28).

In accordance with human rights treaties the country must take positive actions to enable access by those who suffer from structural discrimination such as women, persons with disabilities, minorities and older persons (Sepúlveda and Nyst, p.29). Therefore, in order for the social security system to comply with international human rights obligations, the Republic of North Macedonia should ensure the following: minimum essential levels of non-contributory social protection – not as a policy option, but rather as a legal obligation under international human rights law. Social security systems must be established and defined by law, supported by a long-term strategy, and

reinforced by an appropriate and adequately funded long-term institutional framework. States must adopt legislation to ensure equity and access to services without discrimination of any kind. The right to social security should be incorporated in domestic laws and, where possible, enshrined in the Constitution. This is the case with the North Macedonian Constitution, where article 34 stipulates that all citizens have a right to social security and social insurance, determined by law and collective agreement.

3. Why Is Social Security Essential in Responding to the Coronavirus Pandemic?

The country is starting to pass the first phase of what is likely to be a long-term crisis and is developing its socio-economic recovery plans. The crisis has affected some people much more than others, and this inequality is set to persist and evolve. While the crisis has affected whole society, it is now evident that some people have been far more affected than others. The people hardest hit has often been individuals and families already struggling before the crisis, which has highlighted the significant pre-existing inequalities in the country. However, COVID-19 has also provided a significant shock to those previously able to make ends meet.

Social security has a central role to play in addressing the social, economic and health dimensions of the crisis. The diversity of those hit hard by the COVID-19 crisis highlights how – in the absence of adequate social security – the vast majority of people are vulnerable to economic shocks. By protecting individuals and families, social security can help address the health, social and economic dimensions of the current crisis, and all future crises.

The ongoing response to COVID-19 provides an opportunity to begin building towards more comprehensive and shock-responsive social security system. The scale of the crisis facing the country requires significant action on social protection. Upscaling the ongoing social protection response requires the allocation of appropriate financial resources (ILO, 2020). The challenge of social security is to close the long-term funding shortfall, while protecting the people of low and average means whose economic security depends on Social Security benefits, and adjusting the program to fit the changing conditions of life (Aaron, 2018).

4. Empirical Results and Interpretations

In the country the unemployment rate was decreasing for almost 14 years and was projected to reach 16.8% this year. However, the rapid spread of the pandemic interrupted the growth momentum. Since the pandemic outbreak (between 29 February and 31 May 2020), 16,778 labour layoffs were registered at Employment Service Agency of Republic of North Macedonia (affected by Covid-19), resulting in a 16.1% increase of the total

number of unemployed in only three months, and affecting more women. Due to labour layoffs and exceptionally low job creation, it is forecasted that unemployment will increase to 20.4% at end of 2020. These trends will inevitably affect the poverty rate, which according to some forecasts, will increase to 21%. Even with government support, companies are facing serious and unprecedented cash flow, supply, and operational problems, and the economy will not be able to reach the pre-crisis level (or the counterfactual scenario without the pandemic and without new government reforms).

Starting in March, the North Macedonian social security system became one of the major instruments to respond to a rapidly deteriorating situation. During this period, a number of Decrees have been adopted to safeguard the living standards and ensure social protection of citizens. Measures were taken across all social security branches, and focused in particular on supporting the health system response, maintaining employment and protecting vulnerable groups at risk of poverty. Three packages of socio-economic measures and a number of amendments to these have been adopted. Concretely, the following measures were implemented:

Relevant socio-economic relief measures:

1st package introduced in March 2020 (cash transfers): subsidizing compulsory social insurance contributions in the sectors of tourism, transport, hospitality and all other companies affected by the government measures for April, May, and June, up to 50 % of the compulsory social insurance contributions, in the amount of an average salary paid in 2019; Public Revenue Office will not undertake any additional measures and will not submit decisions on the enforced collection of all taxes and other public charges (fines, court fees), for all taxpayers who have not settled its obligations with the Public Revenue Office.

2nd package introduced in April 2020 (social security contributions (waiver/subsidy)): Government will subsidize 50% of the social contributions for employees in the coronavirus-affected firms; financial support to private companies enabling them to pay salaries in the amount of minimum wage (14,500 MKD / EUR 250) to their employees for two months, April and May. This measure was the subject of various violations due to the fact that this measure was affecting all employees, including those which were released from conducting the work process (chronically ill, elderly, workers with a child under 10 years, pregnant woman), and there are cases when the employer did not pay the minimum wage to all workers.

For citizens who have lost their jobs due to the crisis unemployment benefits were introduced. Therefore, the state will

pay a monthly allowance of 50% of the average monthly net wage of the employee for the last 24 months under the Employment and Insurance Law in the event of unemployment and Article 68 of this Law, that the unemployed citizens will receive compensation through the Employment Agency according to their years of service.

3rd package introduced on 17 May 2020: EUR 1 million will be allocated for the introduction of a digital platform for new markets for textile companies (<https://www.fairwear.org>).

The possibility for timely and efficient action during the pandemic turned into rapid adoption of some of the decrees with legal force without proper and public debate, as well as an analysis of the manner and form and legal solutions to be achieved by adopting these decrees, measures and recommendations. If some of the decrees with legal force are carefully analysed, i.e. if some of the institutes of social law are analysed, it will be possible to see their opposition to part of the social law, but also the ILO conventions and recommendations. The private sector is only given the recommendation to adhere to the adopted measures, conclusions, recommendations, but the recommendations themselves are not mandatory and cannot be legally enforced. Simply, the employees from the public and private sector were not placed in the same position, but the public sector is now in a privileged position, which in itself contradicts the Constitution as the highest body in Republic of North Macedonia and contrary to all conventions.

5. Conclusion and Recommendations

The right to social security is recognized as a human right in fundamental human rights instruments and enshrined as such in other international and regional legal instruments. The COVID-19 crisis has revealed serious shortcomings in this right in North Macedonia.

As the country navigates these uncertain times, with inequality steadily rising and official development assistance budgets shrinking, the imperative to adopt new social security is increasingly clear. Unless a human rights framework is applied to the design, implementation, monitoring and evaluation of social security programs, the impact and outcomes of social security will not be equitable or sustainable, and the poorest and most vulnerable will be left behind.

While some social security response measures have been extended, others were ended or adapted to the increasingly diversified realities of different economic sectors and population groups. In an uncertain context, social security and the capacity of social security institutions to react rapidly remain essential

assets. Social security in the country needs to be an integral component of the socio-economic pandemic recovery plans as a component of fiscal stimulus that can boost aggregate demand and support the economy to bounce back after the coronavirus crisis. With the national economy seeking to reestablish itself social security policy will be more important than ever.

The country must ensure that social security programs are sustainably and reliably financed in annual budgets and receive progressively greater resource allocation. Benefit levels must be adequate to improve the standard of living of the beneficiaries, and benefits must be complemented by free or affordable quality public services. The constitutional right to social security or social protection has two components: coverage and adequacy. Coverage must be universal, but the support provided must be enough to ensure that people can survive with dignity. Benefits must relate to the cost of a decent standard of living. Furthermore, unemployment protection needs to expand to cover all workers, regardless of their prior employment status. Redefine social security system in North Macedonia is not only a human right imperative and a means of achieving social justice, it makes economic sense. It is something that the country cannot afford not to do. Therefore, further research and analysis of group-based social security and measures are needed.

Finally, building government capacities to provide social security to their populations is essential for long-term pandemic recovery strategies.

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