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7. Social Policy

7.1. Planned and implemented activities of the Government of RM in the reporting period

7.1.1. Labor market, employment policy and social dialogue

In the area of labor law, the most important activity in the analyzed period were the amendments of the Law on Labor Relations¹, which stipulated new criteria for determining the representation of the syndicates of employers, as well as a new procedure for determining the representation in the direction of a continuous and more efficient functioning of the social dialogue. With the new legal solutions it has been projected the representation to be determined by the Minister of Labor and Social Policy at the recommendation of the three-party inter-sector commission. Moreover, the amendments to that Law define the things relating to the conditions, manner and procedure of part-time work under particular conditions.

In the part of the employment, in the analyzed period, as a continuity of the activities in the previous years, the Operational Plan was adopted for active programs and measures for employment-OP for 2010 in which, besides the programs included in the OP for 2009 (1. Program for self-employment; 2. Program for support and formalization of a constant business; 3. Program for employment preparation; 4. Program for employment subsidizing; 5. Traineeship as an employment support of the of young persons within 27 years of age; 6. Pilot survey for vacancies; 7. Economic strengthening of women-victims of domestic violence and 8. Program for employment support of Roma people), two new programs have been included: Pilot-support of additional employments in companies registered through the Program for self-employment in 2007 and 2008 and the Program for promotion of entrepreneurship through constant business incubators and training for particular vocations and skills that are deficient on the labor market. with the programs and measures from the OP for 2010, a total of 6.947 persons are projected to be included, for which purposes a total amount of 527.84 millions of denars have been provided, 201 millions out of which are budgetary financial means.

7.1.2. Pension and Disability Insurance

In the reporting period, the trend of decreasing the expenses in the mandatory capital financial pension insurance continued. Thus, in December 2009, the Decision² on decreasing the remuneration which is charged by the Agency for Supervision of Fully Funded Pension Insurance (MAPAS) and the Pension and Disability Insurance Fund of the Republic of Macedonia (PDIFM) from the pension funds management company, for

¹ "Official Gazette of RM", no. 130/09.

² A Decision on the amount of the monthly contribution charged by the Agency for Supervision of Fully Funded Pension Insurance form the pension companies for 2010 ("Official Gazette of RM" no. 157/2009).

the competencies given to them with the Law on Mandatory Capital Financial Pension Insurance, calculated as a percentage from the paid contributions. With that Decision, the remunerations were decreased by 33 percent, thus from the previously determined 1.5 percent, the percentage was decreased to 1 percent³. Furthermore, with the Decision on maximum amount of contributions paid to the mandatory pension fund for 2010, which was adopted in December 2009, it has been determined that the maximum amount of the contribution remuneration paid by the companies in the amount of 5.5 percent from the paid contributions, which is a decrease of about 19 percent regarding the contributions that the companies charged in 2009. the decrease in the contribution remuneration is a result of the increased contribution income and the increase of the financial means in the mandatory pension funds, which resulted in increase in the basis for calculating and payment of the pension and disability insurance contribution, which consequently leads to the possibility for decreasing those remuneration.

In the direction of implementation of the amendments to the Law on Mandatory Capital Financial Pension Insurance from April 2009 regarding the transfer of the role of a watchdog on the team of the mandatory pension funds in business banks, in the course of October and November 2009, both of the companies managing the mandatory pension funds (“NLB Nov penziski fond, JSC Skopje” and “KB Prvo penzisko drushtvo JSC Skopje”) completed the process of transferring the function of a property watchdog of the mandatory pension funds they are managing, from the National Bank of the Republic of Macedonia⁴ to the selected business banks.

In December 2009, the approval for managing a voluntary pension fund of “KB Prv otvoren penziski fond” became valid. According to the MAPAS registry, at the end of November 2009, in the voluntary pension insurance there are 723 members, 413 of which are in professional pension schemes.

Within the program determinations of the Government of RM for decreasing the social contributions, with the amendments to the Law on mandatory social insurance contributions⁵, which are applied as of 1 January 2010, the trend of decreasing the contribution rate for pension and disability insurance continued, thus in 2010 the rate was decreased from 19% to 18%⁶.

With the amendments to the Law on Pension and Disability Insurance from December 2009⁷, there was an intervention in the part of determining the valorization coefficient data calculated on the basis of the movement of salaries of all employed persons in RM, for the purpose of eliminating the effects of the reforms on the social contributions and the concept of gross salary on the pension system⁸.

³ In the total percentage for 2010, the remuneration charged by MAPAS is 0.8 percent, and the remuneration charged by PDIFM is 0.2 percent.

⁴ The National Bank of RM had the role of property watchdog only as a transit solution until the development of the capacities of the business banks for doing activities as a property watchdog.

⁵ “Official Gazette of RM”, no. 156/09.

⁶ In 2009, the contribution rate for pension and disability insurance decreased from 21,2% to 19%.

⁷ “Official Gazette of RM”, no. 156/09.

⁸ The amount of old-age pension depends on the amount of the monthly average of the salaries out of which the pension basis is determined and the percentage out of which the pension is determined depending on the length of the pension period. Regarding the fact that as of 1 January 2009 with the application of the gross salary concept, the decrease of the amounts of the contribution rates and the inclusion of the food and transport expenses in the gross salary, there was an increase in the net salaries without a real increase in the salaries of the employed persons, with the recommended amendments in the

7.1.3. Social protection and social inclusion

Within the legal framework in the area of social protection, amendments to the Law on Civil Invalids from the War were made in the reporting period, which made adaptations of the formula for determining the remunerations to the civil invalids with the concept of gross salary.

As of 1 January 2010, the amendments to the Law on Civil Invalids from the War, which was adopted in January 2009⁹, was enforced. It increased the amount of remuneration to the civil invalids from the war for 100 percent, thus the amount of the civil invalidity for the 1st group of civil invalids from the war equaled with the amount of the war invalids.

In the direction of development of programs for social inclusion of the children from the streets, in the reporting period MTPS, in cooperation with UNICEF and OSCE started the realization of the Project for a better social protection of the children from the streets, referred to as “Children in risk-breaking the circle of social exclusion of the children in Macedonia”, with the accent on the Roma-children. The aim of this project is to develop and enlarge the network of daily centers for children on the streets and to develop standards, procedures and methodological directions for work with children on the streets and strengthening the institutional and human capacities of the Centers for Social Work and the daily centers for children on the streets. Within the Project, a Protocol for dealing with children from the streets has been prepared by the appropriate institutions.

MTPS in the analyzed period in cooperation with the competent authorities and representative companies for persons with disabilities and with the support of GTZ, prepared a revised National Strategy for Equal Opportunities of the Persons with Disabilities.

Within the program aims of the Government of RM for ensuring social protection and social security of pensioners, in 2010 the realization of the Project for spa and climate recreation and healing was started. With that Project, about 10.000 pensioners are planned to be included in 2010, and budgetary means in the amount of 90 millions of denars have been allocated for that. In the course of January, the ranking of pensioners who had applied for spa and healing recreation was conducted.

In the reporting period, in the area of social protection, 5 by-laws were adopted, which determine the manner and conditions of the social protection rights in more details. The adopted by-laws are only smaller parts of the numerous by-laws in the area of social protection, but which adoption is continuously delayed for months.

7.2. What remains to be implemented (not implemented yet or not yet finished) in the analyzed period

Law, there is an annulment of the effect of decreasing the social contributions and the gross salary concept on the amount of the salaries.

⁹ “Official Gazette of RM”, no. 12/09.

The comparison of the planned and realized activities in the analyzed period indicates that in the monitored period the following planned activities were not realized:

- Realization of the Program for conditioned remuneration for social protection which shall provide remunerations for the students from social endangered families for enrolling in secondary schools (the realization of the Program has not been started yet, and according to the Program, it should be conducted in the school year 2009/2010);
- The adoption of the Law on Labor Inspection with the purpose of harmonization with the Law on Misdemeanors, with the standards of the International Labor Organization and the Conventions of the European Union;
- Cutting the deadlines in the procedures for adopting a child and a new model of choice of the most appropriate selection of adopter electronically (amendments to the Law on Family were adopted and are submitted to the Government of RM);
- Adoption of the Law on Social Housing (the Law has been prepared and submitted to the Government of RM);
- Adoption of the National Program for Development of Social Protection and the National Strategy for Fight Against Poverty and Social Exclusion in RM (they are currently being prepared);
- Amendments to the Law on Employment and Work of Foreigners which shall decrease the required documentation for receiving personal work permit for self-employment of foreigners, as well as procedures for adopting new "Rulebook on the Registration Procedure and Terminating the Work Done by Foreigners" and "Rulebook on Issuing Work Permits and the Form and Contents of the Special Types of Work Permits"; (the Law is in the Parliamentary procedure);
- Adoption of the Law on Antidiscrimination (the Law is in the Parliamentary procedure);
- Ratification of the Convention of the Council of Europe for Protecting Children from Sexual Exploitation and Sexual Abuse;
- Realization of the Action Plan for building access gates in all of the public institutions in the Republic of Macedonia;
- Adoption of the by-law acts in the area of social protection.

7.3. Evaluation of the potential risks from (non)implementation or from (non) quality implementation of activities

The insufficient administrative capacity and restrictiveness of the financial resources, as well as the insufficient coordination between institutions are still the main risks that hamper or delay the implementation of the activities and policies in the area of social protection or impact the quality of their implementation.

7.4. Overall evaluation by the expert on implemented activities for the reporting period, with possible recommendations

In the area of labor market and employment policies, the conditions are insignificantly changed, with employment rate that moves at about 32 percent of the population of working ability. Although, in the analyzed period the number of unemployed persons noticed decrease of 2.3 percent regarding the same period in 2008, which in absolute value is about 8.000 persons, that data is mostly a result of the decrease in the number of registered unemployed persons in the Employment Agency in July 2009 for about 7.000 persons, who have probably by that point checked in with the Employment Agency particularly for the purpose of exercising the health insurance rights. As of July 2009, and within the last month of the analyzed period, the number of registered unemployed persons in the Employment Agency is about 341.000 unemployed persons.

On the other hand, if one keeps in mind the fact that in May 2009, prior to the enforcement the new law on the entire citizens in RM to ensure their health insurance right directly through the Health Insurance Fund, about 71.000 of the registered unemployed persons in the Employment Agency declared themselves to check in only for the purpose of exercising the health protection right, it can be concluded that the new legal solution for ensuring the health insurance did not fulfill the expectations that it would have great effect on the determination of the real rate of unemployment. That, on the other hand, points to the need for an in-depth analysis of the registered unemployed persons in the Employment Agency for the purpose of determining the number of those who are in active search of job, which shall represent a real basis for defining the policies and measures which shall have an effect for facing the unemployment. On the contrary, besides the program determinations of the Government of RM for a continuous support of the realization of the active employment policies and measures, the effect on the improvement of the condition of unemployment seems insignificant. Of course, the fight against unemployment, the direct support of the Government of RM for the realization of the active employment policies and measures should be only a small segment form the overall policies and measures that have bigger or smaller, direct or indirect effect on the condition of the labor market. Strengthening of the administrative capacity of the services related to the labor market and employment policies, development and implementation of the individual plan for each registered unemployed person and their inclusion in the labor market, greater accent and application of the local action plans for employment, establishing a continuous relation between the labor market needs and those of the educational programs, enhancing the level of investments for the purpose of opening new work positions, are part of measures that should be applied in the fight against unemployment.

In that context, The policies and measures for social protection should as well be in the direction of replacement of the passive measures for social protection through social remunerations, with active measures for inclusion of the people from the socially endangered families on the labor market.

In the part of the pension and disability insurance, the trend of improvement of the conditions for capital pension insurance continued in the analyzed period. The decrease for 33 percent of the remuneration which is charged by the state institutions MAPAS and PDIFM form the pension funds management companies is a substantial signal that the Government of RM sends to the pension market and it shall directly affect the decrease of the total remuneration charged by the pension companies as well.

Moreover, by decreasing the percentage of the contribution as remuneration from contributions charged by the pension funds management companies in the determined amount, the analysis show that there will not be misbalance of the regular work of the companies with the possibility of making profit, and at the same time it shall ensure a positive effect on the future pension for the members of the mandatory pension funds.

As a priority in the following period, in the part of the pension and disability insurance, there is still left for the budgetary and institutional independence of the Agency for Supervision of Fully Funded Pension Insurance to be regulated, in compliance with the opinion given in the Progress Report of the European Commission for the Republic of Macedonia in 2009.