

# **Social Policy Reforms in Macedonia: Implementing Conditional Social Assistance**

**Bojana Jovanovska**

Institute of Social Work and Social Policy, University St. Cyril and Methodius (Skopje, Macedonia)

**Stiv Stojmenov**

M.Sc. in Economics, Lazarski University of Commerce and Law (Warsaw, Poland)

## **Abstract**

The social policy in Macedonia was traditionally characterized by providing limited social protection tackling several social risks, defined with the Law on Social Protection. Basically, the social assistance is identified by low coverage and inadequate access, targeting the poorest people, favoring small families and mainly covers those with poor educational backgrounds, the unemployed, and persons with disabilities. The transition process in the country created a new variety of social risks that require essential changes in the social policy measures. In order to prevent and eradicate the negative effects of the transformation and also to answer the challenge for establishing sustainable system regarding the modern society requests, the social policy has launched the reform process, particularly through the social protection measures and activities.

This paper gives an overview of the recent reforms of the social protection system, set by the new Law on Social Protection in 2009. This Law includes additional social protection measures, as a part of the implementation of EU recommendation due to the European Integration process, that include subsidization of the consumption of electricity and other utilities, and conditional financial transfers provided for families- beneficiaries of social financial assistance, directed towards mobilization of children in secondary education.

The social assistance program of conditional financial compensation for secondary education aims to improve the access and the quality of education for scholars in secondary education living in households that are beneficiaries of the right of social financial assistance. This program will provide additional cash benefits for scholars, which as a precondition encloses the enrolment and attendance (at least 85% of the total number of classes provided by the school schedule and program) in secondary schools, and intends to increase the number of children enrolled in secondary education coming from low-income households and also for effective realization of the compulsory secondary education in Macedonia.

**Key words:** *social policy reform, social assistance, conditional financial compensation*

## **1. The social protection reform process in Macedonia**

The model of transition that took place in the Republic of Macedonia did not contribute in creating a dynamic economy that could respond to the growing needs and social demands that were caused by the changes. The loss of markets in former Yugoslav states, blockades to the north and south, along with economic embargoes and internal conflict, created numerous negative performance that impact the overall developmental effects (National strategy for reduction of poverty and social exclusion in the Republic of Macedonia, 2010). That all effected on reduction of the standard of the population, during and throughout the period of transition, to occurrence of high rates of unemployment which continued in a period of almost two decades, poverty, high household indebtedness, foreign trade deficit, social polarization, which leads to discontent and social tensions.

Providing social security for the citizens and dealing with poverty is one of the basic conditions for achieving sustainable development, understood as environmentally acceptable agreement with the postulates of democracy, and also socially responsible. The system of social protection in Macedonia is close to standards of the European Union through the principles of pluralistic social protection, decentralization of social protection, development of policies for social inclusion and deinstitutionalization.

Part of the objectives which make the system sustainable are striving to maintain and enhance the quality of life of the citizens who live without social benefits, building a lasting system regarding pensions and disability insurance, special benefits for the marginal groups and the unemployed. The goals and policies in relation to social protection are treated as complex and are regarded as one of the most important priorities of the Government of the Republic of Macedonia. The measures incorporated in the social protection system are generally divided in four groups of rights:

- Social prevention - directed towards obstruction of the occurrence of social risk and it encloses educational advisory work, development of forms of self-help, volunteer work;
- Non-institutional care - specifically developed with the emergence of the trend of deinstitutionalization through various forms: open day care centers, placement in a foster family and other more traditional types of non-institutional care - help of the individual, the family, etc.;
- Institutional care – includes the right for training for work activity and them right to a placement in institutions of social protection;
- Rights of financial assistance for social protection- realized through the diversity of types of financial aid depending on the criteria for their realization.

The Law on social protection, as a systematic law which regulates this field, was passed for the first time in 1997, and since that has been frequently modified. Through passing the Law on child protection in 2000 the social protection measures have expanded and the system of services for child allowance, protection and recreation was established. In June 2009 a new Law on social protection was passed which attained redefinition of the social rights regarding improved realization of the social protection programs, in order to ensure better standardization of conditions and procedures in achieving social protection cash transfers rights, better targeting of the most endangered categories of social rights beneficiaries.

The new Law on social protection sets the system and the organization of the social protection, the rights of social protection, as well as the financing and the procedures of realization of those rights. The social protection presents a system of measures, activities and policies for prevention and overcoming of the basic social risks which threaten the citizen during the every day life, for decreasing poverty and social exclusion and for strengthening the capacities for self-protection. The term social risk in the sense of the Law on social protection implies several risks:

- Risk to health (illness, injury and handicap);
- Risk of aging and age;
- Risk of single-parent family;
- Risk of unemployment, loosing incomes for support based on work;
- Risk of poverty, and
- Risk of any other kind of social exclusion.

The Republic of Macedonia according the Law on social protection presents the main carrier of the social protection of the citizens in accordance with the principle of social justice. The Republic is responsible to establish the system of social protection and to enable its functioning, to provide conditions and measures for realization of social protection activities and develop the forms of self-help. The main holder of the social protection is the Republic, the municipality, the City of Skopje and the municipalities in the City of Skopje, within their competencies, in accordance with the law.

The social protection activity presents an activity of public interest. The Government adopted the National program for development of social protection which set the objectives, priorities and directions of development of the social protection of the citizens in Macedonia, by the measures of active social policy, for a medium and long period. The Government adopts an annual Program for the realization of social protection, which determines the areas of social protection needs of the population, the social prevention activities and measures, as well as the ways and means to achieve social protection.

The efficiency of the system is accomplished through professional work in institutions for social protection, the implementation of development programs, vocational training of workers depending on the users' needs and the international standards, monitoring of events and planning the work, and through the implementation of surveillance and research in this area.

The Government determines the network of public institutions for social protection. In determining the network of institutions, the authority of the state administration responsible for the affairs of social protection submits to the Government a review of private institutions for social protection.

Besides the measures for social protection of citizens as stipulated by the Law on social protection, the care of the Republic to prevent the occurrence of social risks is also identified by implementing measures in the tax policy, employment policy, scholarships, housing, family care, health care, upbringing and education and other areas in accordance with the law.

## 2. Social assistance

The right of financial assistance for social protection incorporates a number of different rights which include:

1. Social financial assistance for persons capable to work and materially insecure;
2. Permanent financial assistance for persons unable to work and materially insecure, which can not provide funds for their existence on the basis of other regulations- unable to work in the context of the Law on social protection is considered:
  - Person with moderate, severe and profound disabilities in the mental development and with combined and other disabilities in the development, who, due to the degree of disability can not acquire education, as well as a person with physical disabilities, because of what is incapable of work;
  - Mentally infected person and a person with permanent changes in the health condition, which disables the person to work;
  - Single parent woman during the pregnancy one month before birth and single parent, according to the Law on family, up to three years of age of the child;
  - Children without parents and without parental care that are not protected by the right to social housing, that have no income based on property and property rights and do not realize means on the basis of other regulations, until the age of 18 years, and
  - Person over the age of 65 years.
3. Financial assistance to a person who under the age of 18 had the status of a child without parents or parental care- the person can use this assistance until the age of 26, only fulfilling the conditions that has no other sources of income and assets which can provide material support;
4. One-off financial assistance or in-kind assistance- is a right of assistance which is given to a person or a family found in the position of social risk, and the person and the family suffered because of certain natural disasters or epidemics or a longer treatment in a health institution.
5. Financial compensation for assistance and care by another person- is a right that can be employed by a person over the age of 26, with moderate, severe and profound disabilities in the mental development and severe physical disability, totally blind, and a person with permanent changes in the health condition, and therefore has a necessity of assistance and care by another person because they are not able to satisfy their basic needs, if this right can not be achieved on the basis of other regulations.
6. Financial assistance to a mother who gave birth to fourth child- is a newly incorporated right which applies on any mother who took care of her children until they have reached the age of 18, who is unemployed and does not have the right of pension after the age of 62. This right can not be achieved by a mother who was deprived of the parental rights over one of her children.
7. Compensation paid for part-time work of a parent who takes care of a child with physical or mental disabilities- care for children with physical or mental disabilities and severe forms of chronic diseases, defined by the Law on labour relations.
8. Financial assistance for social housing- this right is provided to socially vulnerable people – people with insecure housing. In terms of this context, socially vulnerable people are considered:

- Beneficiaries of permanent financial assistance and
  - Person who under the age of 18 years had the status of children without parents and without parental care, after the termination of custody, and until the age of 26 years.
9. Right to health care- for persons:
- Beneficiaries of the right of permanent financial assistance;
  - Persons placed in a foster family;
  - Persons staying in institutions for social protection (for institutional and deinstitutionalized protection);
  - Beneficiaries of financial compensation for assistance and care by another person
  - Persons who under the age of 18 had the status of a child without parents or parental care, up to the age of 26 years, and is a beneficiary of social financial assistance.
  - Persons- victims of domestic violence which are covered by a measure of protection with the Law on family, and
  - Persons involved in organized independent living with support.

The concern of the Republic of Macedonia to prevent and reduce the social risks for the citizens can be accomplished through specific forms of protection defined by the changes implemented in the Law on social protection. These changes include additional social protection measures, as a part of the implementation of EU recommendation due to the European Integration process:

- Measures for subsidization of the consumption of electricity and other utilities
- Conditional social allowances.

### **3. Conditional financial compensation**

#### **3.1. Program for conditional financial compensation for secondary education**

The Program for conditional financial compensation for secondary education was passed in 2009. The goal of the Program was to improve the approach and the quality of education for the scholars in high school that come from households which are beneficiaries of the right of social financial assistance. The main purpose of the Program is to provide the right of additional financial allowances for the scholars which is conditioned by the enrolment and regular attendance of the secondary education and has the goal to increase the persons enrolled in secondary education from the households beneficiaries of the right of social financial assistance, as well as the realization of the compulsory secondary education in the Republic of Macedonia.

The Program was implemented by the Ministry of Labour and Social Policy, the Social Work Centers, the Ministry of Education, secondary schools and the Ministry of Finance, in accordance with the Guidelines for administering the Program conditional financial compensation for secondary education, adopted by the Ministry of Labour and Social Policy.

### **3.1.1. Beneficiaries**

The beneficiaries of the right of conditional financial compensation for secondary education are the scholars coming from households that are beneficiaries of the right of social financial assistance and from households who, because of work commitment for the execution of public works, temporarily rest their right to social financial assistance. There are certain conditions which a person should fulfill in order to become a beneficiary of the right of conditional financial allowance for secondary education. Those conditions read the following:

- the person should not be a beneficiary of the right of child allowance, according to the Law on child protection;
- the person should be enrolled in secondary education;
- the person should be at high school age, according to the Law for secondary education.

The beneficiary of the right of conditional financial compensation for secondary education can employ the right under the following conditions:

- for the time he is a full-time student, and
- has attended at least 85% of the total number of hours provided for by the school schedule and program.

The right of conditional financial compensation for secondary education ceases in the following cases:

- if the beneficiary has graduated from high school or is no longer at high school age;
- if the beneficiary has discontinued the attendance of secondary school;
- if the right is achieved on the basis of false or incomplete data;
- if the beneficiary has achieved the right to child allowance, and
- if the parent or the guardian, or the holder of the right to social financial assistance claims for termination of the right of conditional financial allowance for secondary education.

The parent or the guardian has an obligation to notify the competent authority for any changes relating to:

- change of the beneficiary's status as a household member;
- change of the school (if the beneficiary has changed or left the school);
- change of the holder of payment, and
- change of the home address.

The potential beneficiaries of social financial assistance were obligated to apply for the realization of the conditional financial compensation for secondary education by October 31, 2009. The beneficiaries who had been approved the right were considered as included in this program from September 1, 2009. The imbursement of the right of the conditional financial allowance for secondary education will continue as long as it is fulfilled the requirement for attending 85% of the regular school hours.

### **3.1.2. Modalities of compensation**

The annual amount of conditional financial compensation for secondary education in the academic year 2009/2010 per user was 12,000 MKD, which is equal to 200 euro.

The compensation is paid for beneficiaries on a two-month basis. To assess the best model to encourage users to meet the conditions for utilizing the right of conditional financial allowance for secondary education, the Program is implemented through four different modalities of payment - two related to the period of payment and motivation to complete the school year (equal pay compensation in every quarter, or lower payments at the beginning of the school year, and higher at the end) and two related to the compensation recipient (parent or guardian, or holder of the right to social financial assistance).

#### 1. Modalities related to the period of payment

##### 1.1. Quarterly payment with unequal amounts:

- first payment (December): 2.000 MKD = 33 Euro
- second payment (February): 2.000 MKD = 33 Euro
- third payment (May): 2.000 MKD = 33 Euro
- fourth payment (July): 6.000 MKD = 100 Euro

##### 1.2. Quarterly payment with equal amounts:

- first payment (December): 3.000 MKD = 50 Euro
- second payment (February): 3.000 MKD = 50 Euro
- third payment (May): 3.000 MKD = 50 Euro
- fourth payment (July): 3.000 MKD = 50 Euro

#### 2. Modalities related to the recipient of the compensation

- payment to the holder of the right
- payment to the mother or the guardian

By applying certain statistical methods of choice were identified the municipalities in which will be applied the different models of payment and beneficiaries of the compensation.

### **3.1.3. Financing**

The resources for the conditional financial compensation for secondary education were provided through a loan agreement with the International Bank for Reconstruction and Development- World Bank Project for the conditional financial allowance in the amount of 19.300.000 Euros. It was estimated that the Program for conditional financial allowance for

secondary education will cover 18,800 scholars from households that are beneficiaries of social financial assistance. The annual amount of the fee for conditional cash compensation for secondary education for every child / adolescent who has met the conditions was in the amount of 200 Euro. The required annual funding for implementation of the Program was 225,600,000 MKD. The payment of funds for the program for conditional financial allowance for secondary education was accomplished through the same process that is used for imbursement of the existing social financial assistance.

### **Instead of conclusion**

The life standard of the population in Macedonia has been dramatically decreasing and the human development lags or is even declining. Today's social and other problems that concern the human development result not only from the transition of the political system, but from the inherited level of economical development from the previous period, as well as the recent crisis the society was faced.

Usually the social assistance presents the fundamental instrument of the social protection and the poverty reduction policies and their focus is on the stimulating effects it can have on the beneficiaries. In order to avoid the unemployment trap, the system of social assistance has provided certain conditions that beneficiaries should fulfill, such as, monthly report on their job-seeking from the State employment agency, and also reduction of the amount after three years of use.

According to the recommendations given with the National strategy for reduction of poverty and social exclusion in the Republic of Macedonia in 2010 in the field of social protection there is a need of physical relocation of the service for financial assistance from the Social Work Centers (but under their jurisdiction) in order to provide a clear dichotomy between the professional and the administrative services.

Pejkovski (2009) points out that apart from the economic measures and the mechanisms of social protection and social security based on the systematic regulations, there is a necessity for social cohesion of the actors in every field of the social life. The way out of the crisis is not easy or simple, it could take years and therefore there is a need of adjustment and assistance of the most vulnerable social groups, as well as creating policies which are based on the social problems and needs generated by the crisis.

In the interest of improving living conditions and reducing poverty and social exclusion, social policies that taken in Macedonia must achieve a balance between economic and social costs and goals. Simultaneously, measures and policies taken in the social domain should be based on the previously well-established social needs and opportunities they could be appropriately targeted and used the population having the greatest need of them. The findings for maintenance of the social safety net is facing difficulties because is hard to cover all the vulnerable social groups due to lack of financial assets, personnel and institutional resources.

## Bibliography

- Bogoevska, N. and Jovanovska, B. (2010) Reform of the Social Protection System in Macedonia, In: 2<sup>nd</sup> Symposium “Social Sciences and Humanities: Between Theory and Practice”, Timisoara.
- Bornarova, S. (ed.) (2008) Sovremeni trendovi vo socijalnata zastita i socijalnata rabota: Profesionalizacija, deinstitucionalizacija i reformi, Faculty of Philosophy, Institute for Social Work and Social Policy, Skopje.
- Jakimovski, J. (ed.) (2003) Socijalnata polozba na naselenieto vo Republika Makedonija: siromashtija, ekskluzija i participacija vo socijalniot zivot, Friedrich-Ebert-Stiftung, Skopje.
- Lister, R. (2009) Siromashtija, Akademski pecat, Skopje.
- Ministry of Labour and Social Policy of the Republic of Macedonia (2008) Socijalnata slika na Makedonija, Eurografika, Skopje.
- Pejkovski, J. (2009) Ekonomska i/ili socijalna kriza. In: Annual of the Faculty of Philosophy 62, Skopje.
- [www.mtsp.gov.mk](http://www.mtsp.gov.mk)
- [www.finance.gov.mk](http://www.finance.gov.mk)

## Legal documents

- Law on Social Protection (Official Gazette of the Republic of Macedonia No. 79/2009)
- Program for realization of Social Protection for 2009
- Program for realization of Social Protection for 2010
- Program for conditional financial compensation for secondary education 2009
- Second Draft of the National strategy for reduction of poverty and social exclusion in the Republic of Macedonia, 2010