

North Macedonia: Unemployment insurance in response to COVID-19

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As a result of the widespread impact of the COVID-19 pandemic, the Government of North Macedonia modified the criteria for access to unemployment insurance. This enhanced access to financial compensation for citizens who lost their job due to the crisis was only enabled in the first wave of the crisis (April-May 2020) and has not been prolonged since.



Description

To prevent the spread of COVID-19, the Government of North Macedonia adopted various economic measures aimed at job and income protection. Despite this, data from the Employment Agency for the period March 2020 to February 2021 show an increase of almost 50% in the number of registered unemployed (from 107,732 to 159,608). In comparison, during the same period one year before (March 2019 to February 2020) this number had remained practically unchanged. According to the information from the Employment agency, 17,026 persons lost their job during the COVID-19 crisis (in the period of 11 March to 31 December 2020), i.e. 10.8% of all persons registered as unemployed on 31 December 2020.

A significant anti-crisis measure adopted by the Government of North Macedonia in 2020 was the adoption of a "Decree implementing the Law on Employment and Unemployment Insurance during a state of emergency" (Official Gazette No. 136 from 27.05.2020). This Decree relaxed the eligibility conditions for unemployment insurance. According to Art. 65 of the Law on Employment and Unemployment Compensation (Official Gazette No. 112/2014), unemployed people are eligible for unemployment compensation if they have a continuous work record of at least 9 months or a non-continuous work record of at least 12 in the last 18 months. Also, Art. 67 of the same Law denies eligibility for unemployment compensation to unemployed persons whose employment was terminated (among others) on the basis of their own decision

or a mutual agreement between the employer and the employee.

The Decree changed these two criteria and entitled all workers who lost their job due to COVID-19 during the period of March to the end of April 2020 to unemployment compensation (from the unemployment insurance system) - regardless of their employment duration and regardless of the reasons for termination of the employment contract.

The amount of the financial compensation was 50% of the workers' monthly net wage paid in the previous month, capped at 80% of the national average monthly net wage. The deadline for application for this benefit was 26 June 2020.

Since the end of this measure, and despite a continued increase in the number of registered unemployed, the enhanced access to unemployment insurance (unlike other COVID-19 measures, such as wage subsidy) has not been prolonged further.



Outlook and commentary

According to the data obtained from the Employment Agency (Petreski et. al., 2020), 3,796 persons applied for the unemployment compensation under the relaxed conditions, of which 2,957 (78%) were accepted as beneficiaries by July 2020. Comparison between the numbers of beneficiaries of unemployment compensation before the measure was announced (i.e. 3,000 in February 2020) and the number of beneficiaries in April 2020 (4,254) and May 2020 (5,308) shows that the

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number of beneficiaries of unemployment compensation increased by 41.8% and 76% in the months of April and May 2020 respectively.

At the end of June 2020, only 2.22% of the registered unemployed were beneficiaries of the temporary measure for unemployment compensation. This low rate is mainly due to the rigid eligibility criteria concerning the means of termination of the employment contract. These criteria exclude most of the unemployed who had an employment contract and who paid social insurance contributions from the right to unemployment compensation. This rigid legislative barrier is the most explicit remaining gap in the social protection system in the country. In this respect, groups excluded from unemployment insurance include all workers whose termination contract was due to their "own will" (in the sense that they are the result of a mutual agreement between the employee and the employer), as well as farmers and other self-employed.

The policy response tackling this restrictive use during the pandemic unfortunately lasted only two months and has been discontinued since July 2020.

Most of the debates and concerns raised by the country's representative trade unions in relation to the COVID-19 measures referred to implementation of the wage subsidy for private sector employees. There were no public debates regarding the re-introduction of this measure or the removal of Art. 67, stipulating the strict eligibility barrier, from the Law of Employment and Unemployment Compensation.

Given the importance of strengthening the social protection system, especially during the crisis, the legislative adjustments to the Law for Employment and Unemployment Insurance, allowing removal of the "type of termination contract" as a qualifying criterion for the unemployment compensation, should be considered as a step towards improved coverage and adequacy of the country's social protection system.

Further reading

Agency for Employment of North Macedonia, Number of registered unemployed persons and beneficiaries of rights, <http://av.gov.mk/statistical-data.nspx>

"Decree implementing the Law for Employment and Unemployment Insurance during a state of emergency" (Official Gazette No. 136 from 27.05.2020).

Law of Employment and Unemployment Compensation (Official Gazette No. 112/2014)

Petreski, M., Petreski, B., Tomovska-Misoska, A., Gerovska Mitev, M., Parnardzieva-Zmejкова, M., Dimkovski, V. and Morgan, N. (2020).

"COVID-19's effects on children in North Macedonia: Rapid analysis and policy proposals", Skopje: UNICEF.

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