

North Macedonia widens support for vulnerable energy consumers

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The ongoing energy crisis has prompted several governmental measures in North Macedonia in 2022, including support to protect the most vulnerable. Among other measures, the support included a top-up benefit for guaranteed minimum assistance (GMA) beneficiaries and for pensioners between March and May, as well as an energy bill discount for those on low incomes over a twelve-month period. The number of beneficiaries has just been published. 35,000 households received the GMA, 328,840 pensioners received the one-off support, and 6,500 low-income households received the energy bill discount.

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Description

During March 2022, the Government of North Macedonia adopted a package of 26 economic measures aimed at tackling the energy crisis and subsequent rising prices. Among these measures, two are targeted at beneficiaries of social protection and one at citizens on lower incomes.

The first group are beneficiaries of the guaranteed minimum assistance (GMA), who have received one-off cash top-ups of 1,000 MKD (€16) for the months of March, April and May 2022. These benefits were distributed through the Ministry of Labour and Social Policy. For this purpose, a Law amending the Law on Social Protection was adopted, regulating the one-off cash benefit, to be paid from the financial allocations for the GMA (Art. 3, Official Gazette No.99/2022). Due to the budget rebalance enacted at the end of May 2022, the last one-off cash top-up for the month of May 2022 has still not been distributed: it is expected to be paid during July 2022. Based on the governmental data (Government of North Macedonia, 2022a), the cash benefits were paid to 35,000 households receiving GMA, i.e. 5.85% of all households in the country. The cost of this measure is estimated at 105,000,000 MKD (€1,702,255). Apart from this temporary measure, the beneficiaries of GMA, as well as those of social security for the elderly (Art. 7, Law on Social Security for the Elderly) receive a regular energy allowance for the months of October to March, each year.

Pensioners were also provided with a one-off cash top-ups of 1000 MKD (€16) for the months of March, April and May 2022,

distributed by the Pension and Disability Insurance Fund (PDIF). The cash benefit for pensioners was regulated by the Law amending the Law on Pension and Disability Insurance, indicating that the benefit will be paid from the financial resources of the PDIF (Art.3, Official Gazette No.67/2022). The one-off cash benefit was received by 328,840 pensioners (Government of North Macedonia, 2022a), and the total cost of this measure is 986,520,000 MKD (€16,007,941).

The March package of economic measures also includes an amendment to the Programme for Protection of Vulnerable Energy Consumers for 2022, adopted in December 2021. This programme, among other things, defines vulnerable energy consumers and sets out measures for their protection. In 2022, vulnerable energy consumers, based on income vulnerability, include: beneficiaries of GMA and social security for older persons, as well as households with a net monthly disposable income not exceeding 30,000 MKD (€486). Measures for these categories of vulnerable consumers are: direct financial support for vulnerable energy consumers (targeted at beneficiaries of GMA and social security for the elderly, who are covered according to the stipulations of the Law for Social Protection, see above), and financial support for persons on a low income. For the latter, in January 2022 the Ministry of the Economy published a public call for energy bill discounts for persons whose total household disposable monthly net income does not exceed a threshold which depends on the household size (ranging from 15,194 MKD (€246) for singles to 30,000 MKD (€486) for households with five members or more). Beneficiaries of GMA and social security for the elderly are not eligible to apply to this Call, as they have already received

financial support through the Law on Social Protection and the Law on Social Security for the Elderly (see above). An energy bill discount of 600 MKD (€10) is provided to eligible applicants from households with up to three members, while an energy bill discount of 800 MKD (€13) is provided to eligible applicants from households with four or more members. This is provided as a monthly discount for 12 consecutive months. The Call does not guarantee all eligible applicants access to this benefit. Article 1.3 of the Call states that the selection is based on two criteria: a) the principle of lowest income; and b) availability of the allocated budget for the energy bill discount (until it is exhausted). Regarding the latter point, the Government adopted quotas per household size, based on which the earmarked budget is allocated. The amendment of the Programme adopted in March 2022 increased the initial earmarked quota (applications that will be financed) for single persons and for households with two persons, while at the same time it significantly decreased the initial quota for households with four members as well as the quota for households with five and more members. Based on the information from the Ministry of the Economy (Government of North Macedonia, 2022b), approximately 6,500 households applied for the energy bill discount, thus not exceeding the expected number of applicants (7,000) or the earmarked budget for this measure - 60,000,000 MKD (€9,719,938). The final results from the Call for the energy bill discount were published at the beginning of June 2022.

Outlook and commentary

The one-off cash top-up benefit provided to GMA beneficiaries and pensioners is an important measure, providing them with short-term support during the ongoing energy crisis. While the GMA beneficiaries already receive

a regular energy allowance as a top-up to their GMA benefit (for the months of October to March each year), this additional one-off cash top-up allows enhanced temporary support during the crisis. Given the announcements of increased electricity prices in North Macedonia from July 2022, a continuation of this top-up benefit should however be considered.

The energy bill discount is a significant new measure in the Programme for protection of vulnerable energy consumers in 2022, which, due to its consecutive payment over a 12-month period, provides systematic and continuous support to low-income households. However, there was no public explanation of why the amendment to this Programme, adopted in March 2022 (Official Gazette No 46/2022), significantly reduced the earmarked quota for households with four members (from 50% in the original Programme to 10% in the amended Programme). This is even more questionable given the 2022 Census data, which show that the second most numerous household type in the country are households with four members (19.5%), and that in terms of number of people it is the first most numerous, as 25.5% of the population live in this type of households. Also, based on the 2020 at-risk-of-poverty rate by household type (Eurostat, 2022), single persons are at lower risk of poverty (8.6%) than households with three or more adults (12.2%) and households with three or more adults with children (28.2%) In addition, the Call is quite selective, as it defines eligibility partly according to the budget earmarked for this purpose. While there are no data available on the number of applicants for this Call (just on the number of beneficiaries), it may be assumed that those on low incomes with poor access to information are less represented. Finally, while the Ministry of the Economy has published the list of beneficiaries of the energy bill discount, there is no data

protection or protection of privacy, as the full names/surnames of the low-income household beneficiaries have been made public.

The overall energy crisis support for the vulnerable population in North Macedonia confirms that the Government can act promptly during a crisis and enable both horizontal and vertical expansion of the social protection system when needed. Notwithstanding the importance of the measures undertaken so far, it is certain that households will need further support, with inflation having risen faster than forecasts and an expected rise in energy prices in the next few months.

Further reading

Eurostat (2022), At-risk-of-poverty rate by poverty threshold and household type - EU-SILC and ECHP surveys, last update 20.06.2022.

Government of North Macedonia (2022a) From the 24th Governmental session: 25 measures adopted for the protection of the standard of living (in Macedonian language): <https://vlada.mk/node/28032>

Government of North Macedonia (2022b) Press release: More than 6,500 households applied for energy bill discount (in Macedonian language): <https://vlada.mk/node/27729>

Law amending the Law on Social Protection, Official Gazette No. 99/2022.

Law amending the Law on Pension and Disability Insurance, Official Gazette No.67/2022.

Programme amending and complementing the Programme for protection of vulnerable energy consumers for 2022, Official Gazette No 46/2022.

State Statistical Office (2022) Census of Population, Households and Dwellings in the Republic of North Macedonia, 2021-first dataset, https://www.stat.gov.mk/PrikaziSoop_stenie_en.aspx?rbtxt=146

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